Published With The New York Times and The Washington Post

No. 32,859

See Page 18

pin Muha len ihe

urair (prpedia

Traduction of

the content burgh

Herang The

Rani M. Coff

I'v in the Soviet [h

the retired sensor

sections that he has

trip He has just pass

tent in banding de

Jane Funds fell of while beginning does

Stere Ries 19

I a rich was treated ask

tricured Fonda is not

"Let ers" with Rebert Terrent Shorting mg

the week day but

THE PERSON NAMED

Philippe de Rothschill:

A CO INC ROOM

The same of the same

Locio (1926)

310.00

ROLINGSISH

CHILLIE

137314

FDI CARD,

و العصوب ال

372.0

A ... 1 A ... 15 ... 15.

OH FRANCE

AL WALLS

Texte Inc (8

Line Specific

dis with rendi-

and our and our a freen Bellas

ple " und han "pur-end from "Those tag is

AUTUS JAN I REE

TRANSCO

The Tan Sec. 1997 of the Sec. 1997 of th

7 成人 5年25

CIADVITA

MARKAGE TO TAX.

AT THE STREET, S

igu yizvi. 18

The second of th

CAN DELECT II

MEHALT.

and the property of the second se

THIS YOU AGES

STORE OF LAND AND ADDRESS.

CONTRIBUTE

to the same and th

7.44 7.44 7.43

建设4人货业系

H2 (71 B)

Samuel Shirt

inter. The same

Burney authory Aire Plates Says

PARIS, MONDAY, OCTOBER 17, 1988

ESTABLISHED 1887

Manila

2-Year Renewal

Will Raise Rent

To \$481 Million

By Don Oberdorfer

Washington Post Service
WASHINGTON — U.S. and

Philippine negotiators have agreed

on terms for the continued opera-tion of two strategic U.S. military bases in the Philippines for the next two years and plan to sign an ac-

cord at the State Department on Monday, according to Reagan administration officials.

[The Philippine president, Cora-zon C. Aquino, said Sunday that

final sticking points had apparently been resolved for the signing on Monday, The New York Times re-

ington had consistently said that

such large sums could not be pro-

vided in an era of U.S. budget ceil-

In the end, Philippine negotia-tors said they would settle for a

Reagan administration statement that the next U.S. administration

would seek to help Manila reduce its \$28 billion external debt by creative uses of the proceeds from a Multilateral Aid Initiative that the

United States, Japan and other countries are planning for the Phil-

ippines next year.

The wording of the U.S. state-

ment on debt reduction was still

under discussion among U.S. de-

partments and agencies. An official

said it was expected, but not yet

certain, that interagency agreement

Secretary of State George P. Shultz

As a concession to the Philin

See MANILA, Page 7

ported from Manila.



Dodgers Rejoice in a Good Man in a Pinch

Kirk Gibson at the plate in the bottom of the minth inning before his two-run home run gave the Los Angeles Dodgers a 5-4 victory over the Oakland Athletics in the first game of the World Series in Los Angeles. Gibson, out of the lineup with leg injuries, was pinch-hitting with two outs. Storm Davis of the A's and Orel Hershiser of the Dodgers were to start Game 2 on Sunday. Page 19.

Two Party Leaders Quit in Yugoslavia

Jostling Continues Before Showdown

BELGRADE — Two members of the Yugoslav party's ruling Polithuro resigned on Sunday, on the eve of a key Central Committee session at which sweeping personnel changes are expected, the official Tanjug press agency said.

The two members were Kolj Siroka, from the ethnically torn province of Kosovo, and Milanko Renguira from the central complete from the central complete.

ovica, from the central republic of Bosnia-Herzegovina Mr. Renovica was among the

many top officials whose resignation was expected, but the move by Mr. Siroka was a surprise. His region had resisted pressure to remove its top officials.

Mr. Siroka, 66, has been under attack from Yugoslavia's biggest republic, Serbia, for allowing the nationalism of ethnic Albanians to

grow unchecked in Kosovo.

The Yugoslav press had criticized Mr. Renovica, 59, saying he was involved in issuing illegal building contracts and was general ly incompetent. He joined the Po-lithure in June 1986, when he became president of the party for one year under the country's rotating system of collective leadership.

■ Serbian Under Attack Jackson Diehl of The Washington Post reported earlier from Belgrade:

As Yugoslav leaders prepared for the Central Committee meeting on Monday, the Serbian leader, Slobodan Milosevic, was under growing attack for his mobilization of crowds and his demands for the resignation of provincial officials. Mr. Milosevic has touched off a

power struggle among leaders of the country's six constituent repub-lies by seeking to assert Serbian control over two provinces, Vojvo-dina and Kosovo, that have been largely autonomous. The Serbian chief has also demanded a purge of the Yugoslav federal leadership. Party officials said the Central

Committee meeting on Monday could lead to sweeping changes in personnel, including the ouster of members of the party Presidium. But one member of the Presidi-um, Vasil Tuperkovski, said Sun-day that the body would not be

if, as expected, crowds appear out-side the meeting in Belgrade. Mr. Tuperkovski, a representative of the southern republic of Macedonia, said at a news conference that the meeting would focus on bringing new leadership into the federal party to put into effect far-

intimidated by Mr. Milosevic even

"We have come to a point in our history where the Central Committee can be given one day or two days to determine the outcome of the political crisis in Yugoslavia,

"It is impossible for the presidency and the Central Committee to avoid the objective responsibility for the deteriorating Yugoslav economic and political situation, which is not the case of a month or two months but of a decade," Mr. Puperkovski added.

Rallies organized by the Serbian leadership in support of Mr. Milo-See RESIGN, Page 7



bronze statue of General Douglas MacArthur after being heavily damaged by a bomb in Palo, Philippines. The police said they thought the bomb had been planted by Communist guerrillas.

Governor Michael S. Dukakis and his wife, Kitty, conferring with aides aboard the Democratic presidential nominee's campaign plane.

Dukakis Plans 'All Out' Drive

By Paul Taylor and David S. Broder Washington Post Service BOSTON - Fighting a wave of defeatism after the final presidential debate, Michael S. Dukakis's managers have set forth a 17-state strategy, keyed to basic economic issues, that they say will give the

Massachusetts governor a rea chance of defeating Vice President George Bush.

Kiosk

French Pledge To Back Franc

PARIS (AFP) — Finance Minister Pierre Bérégovoy said Sunday that he was propared to increase interest rates to defend the franc.

Pressure on the franc is caused by a dropping dollar and by "the social climate. that plays against us," he said in a radio interview. "I am against all devaluations, whatever the circumstances," he said. "They impoverish the country and those

MONDAY Q&A

Page 2.

After a day of top-level meetings at campaign headquarters in Bos-ton, Leslie Dach, the Dukakis communications director, said Saturday that the Democratic nominee would argue that "the issues at stake are too important for the press and the Republicans to shut this election down three weeks before it happened."

To counter the impression that Mr. Bush closed the door on a Dukakis comeback by besting him in the debate on Thursday, Mr. Duka-kis's managers said they were plan-ning an "all out" drive in 17 states and the District of Columbia, which together control 272 electoral votes, two more than needed for

Those states, all of which the Dukakis aides described as favoring the governor or being even, inchide the electoral giants of New York, Pennsylvania, Ohio, Michigan, Ilinois and California, as well as Massachusetts, Connecticut, Vermont, Rhode Island, Maryland, West Virginia, Iowa, Wisconsin, Oregou, Washington and Hawaii. A second tier of states, where Mr. Dukakis's aides say he is trailing but is still in contention, will receive attention as well. They are Montana, North and South Dakota, Colorado, New Mexico, Mis-

souri and Kentucky. Texas and New Jersey have been dropped into a third category states where the ticket faces a clearly uphill battle — along with North Carolina, Tennessee, Arkansas,

Louisiana and Georgia. While the Dukakis forces were scrambling to regain their footing. Mr. Bush's strategists expressed confidence that the Republican nominee was on a straight path to

There will be no change in strategy," said Lee Atwater, the vice president's campaign manager. He said the campaign would continue to mix attacks on Mr. Dukakis with positive proposals from Mr. Bush in the same proportions that have worked so far.

Late Saturday, the Dukakis strategists started work on a speech that the governor is to deliver on Monday in Ohio as a keynote for his closing drive — an effort, one aide said, to set a "clear, consistent" message that he can repeat in personal appearances and adver-

isements. Democrats outside the Dukakis ampaign said the nominee faced a daunting triple challenge: he must find a way to blunt the Republican attacks that have controlled the campaign dynamic; he must focus voters' minds on his own plans for the presidency, and he must revive

See DUKAKIS, Page 7

Bush Says Polls Won't Lull Him

The Associated Press DENVER — Vice President George Bush said Sunday he was ready to "hit the ground. running" as president and to designate a cabinet swiftly but that he would not be fulled into regarding an election vic-tory as inevitable.

There was speculation that I was dead three months ago," the Republican candidate said, trying to discount recent polls showing him with a widening lead over the Democratic candidate. Governor Mi-chael S. Dukakis of

He vowed to wage a spirited

battle in key states right up to Election Day, Nov. 8. [However, the Bush campaign, sensing new opportunities after the presidential de-bate last week, is exploring ways to help flagging Republi-can candidates for the U.S. ign, sensing new opportuni-Senate. Page 3.] Mr. Dukakis, meanwhile,

See BUSH, Page 7

A Year Later: What Collapse?

By Reginald Dale International Herald Tribune

PARIS — Everything seems to The world economy is hummin along at one of the fastest rates of the 1980s. Business and trade are booming. And, at least in most of

the richer countries, consumers are consuming as if nothing had ever happened to dull their appetite. And if international economists are warning of snything, it is likely to be of the dangers of complacency. Indeed, one year after the world financial system was rocked by the steepest stock market collapse in history, it would be easy enough to

conclude that, in the final analysis, it didn't happen at all. Or, perhaps more disturbing, that it didn't really matter at all. Where, after all, is the world re-

cession, the continuing financial turmoil, the retrenchment, the damage, that was to have been the legacy of Black Monday? Twelve months later, not only has there been no recession, but the world economy is expanding at a remarkable annual rate of 4 percent — the

October 1987
Dow loves
Inclusive average
daily dosing.

By John Meehan

American of phenomena, a bet on a

"sure thing," millions of Americans suddenly had one thing in com-

mon: the market. Caught up in the

national fervor for a market going only one way — up — cabbies and hairdressers joined lawyers and

doctors in the populist pursuit of

tional Herald Tribune

Black Monday: A Disaster That Wasn't

Tokyo has emerged as leader of the international financial markets. Germans have replaced foreign investors as the main market force in Frankfurt. Page 17.

Experts assess the lessons of fastest since 1984 and far more than even the most unshakeable

optimists expected only a few months ago. And numerous analysis now believe, with hindsight, that the dra-

matic events of last October may even have been a blessing in dis-In retrospect, said John Calver-

World Stocks One Year Later

October 14, 1988 and Monday, October 19,1987.

Oct 14, 18

1.840.6

2.593.0

27.306.57

381.1

A comparison between leading index closes on Friday,

ley, senior economist at American Express Bank in London, the crash may not have been a symptom of basic tensions in the world economy, as many thought at the time, but the resolution of those tensions.

'It allowed steam to come out of the system," he said. The crash, and the recession fears it provoked, "allowed interest rates to fall, and the dollar to come

down, leading to a correcting of the U.S. trade deficit. It kept us going for another year." Mr. Calverley And, summing up the mood at on this point would permit the cer-

last month's annual meeting of the emonial signing of a "memoran-International Monetary Fund in dum of agreement" on the bases by Berlin, the French Finance Minister, Pierre Bérégovoy, noted that, and Mr. Manglapus. "Whereas a year ago the experts feared that the stock market crash would plunge the world economy into recession, it appears today to have had a healthy effect."

While many questions remained unanswered in the wake of the market debacle, he noted, one today detects a "certain cuphoria" about world economic prospects.

Although few would deny that major risks and uncertainties lay ahead, the prophets of instant doom last autumn have been proven embarrassingly wrong, "A lot of people are now looking pretty sil-

See IMPACT, Page 17

-10.3

+8.1

-8:1

-22.9

+6.0

Oct. 12, 19

2.05230

3524

1,744.1

3,362,39

25,746,58

Sabotage Is Ruled in Zia's Death Compiled by Our Staff From Dispatches

ISLAMABAD — The plane crash in which President Mohammed Zia ul-Haq of Pakistan was killed was caused by a "highly so-phisticated act of sabotage," the Pakistani team investigating the crash said Sunday.

Secretary of Defense Ijlal Haider Zaidi ruled out technical failure as the cause when he released a report on the crash. The Lockheed C-130 transport went down in eastern Pa-

kistan on Aug 17.

The report said that 31 people died in the crash, rather than the 30 officially reported earlier. There was no explanation of the discrep-

Also were killed in the crash were the U.S. ambassador to Islamabad Arnold L. Raphel, and the military

attache, Brigadier General Herbert M. Wassom Mr. Zaidi said the Pakistan Air Force investigation board, headed

by Air Commodore Abbas Mirza and assisted by U.S. experts, found no evidence of mechanical failure in the C-130 aircraft. It is not that individuals have

he said, contradicting reports attributed to Reagan administration officials last week that a malfunction had caused the crash.

The officials said Americans on the crash investigation team had concluded a malfunction was involved, but they refused to say if the crash could have been caused by sabotage. The Americans on the investigation team included experts from the U.S. Air Force and Lock-

evidence of high-intensity or lowmtensity explosion" on the plane. But the report said that traces of a low-intensity explosion might have been destroyed in the burning wreckage and that this possibility

could not be ruled out.

The investigators found some chemicals in unusual quantities, especially on remnants of mangoes. Two crates of mangoes were loaded A scientific team had succeeded

and antimony, the report said. It speculated that a low-intensity device could have been used to re-

See ZIA, Page 7

Nicaragua's Woes Grow, Despite Peace At La Mascota, the main children's hospital

By Stephen Kinzer New York Times Service

MANAGUA - Although the machine guns and mortars that echoed across Nicaragna for six years have largely fallen silent, the country is facing a profound social, political and economic crisis that diplomats and political leaders say will probably take years or even decades

to resolve. There is considerable debate about whether it is the United States-backed rebels, known as contras, that have caused the crisis, or the Sandinista government. But no one here doubts

While Nicaragua's economy has been deteriorating for at least five years, the rate of decline has sharply increased in recent months. Children beg for food in the streets, and groups of unemployed adults congregate on corners in poor neighborhoods.

in Managna, many patients are severely mal-nourished infants. "They live in filth," said Dr. Fernando Silva, the hospital director, "they have no clean water and they eat out of garbage

"We can't even estimate how many get sick and die without coming to the hospital." A survey of 2.829 children taken several weeks ago by the Ministry of Health showed that two-thirds were suffering from malnutri-

"We are seeing many cases of robbery of food," said Ramon Rojas, a criminal court indge in Managua, "especially meat and grain, in quantities that are only enough to feed one person or a few people.

Without a doubt, the country's economic crisis is a major factor in the increase in crime." Evidence of worsening problems in Nicaracountryside, the police are arresting hundreds of people suspected of supporting the contras. In cities, large numbers of workers who have voted to quit pro-government unions have been forced out of work.

making money.

Military recruiters regularly raid villages and neighborhoods to seize young men eligible for military service. The flood of people leaving the country includes not only trained professionals, but also impoverished peasants and despairing urban families.

Internationally, the Sandinista government appears more isolated than ever. Although some European nations, particularly Sweden and Norway, are still providing tens of millions of dollars, Western aid remains far below what is necessary to sustain the economy. The Soviet

See NICARAGUA, Page 7

gns is visible throughout the society. In the

"A lot of these investors see no

But one year after the Dow Jones industrial average plunged 508 NEW YORK — In that most points to snap the longest-running bull market in U.S. history, it is clear that the individual, or "small" investor, is the major casualty. He has lost interest in stocks,

Tokyo

Small Investors Get Smaller

turning instead to certificates of deposit and money market funds. His once unwavering confidence in the ability to make money on the stock market has turned to mistrust -and increasing numbers of economists and analysts are wondering not only when, but if, he'll come

"They're upset and angry at Wall Street," said Hugh Johnson, chief investment strategist for First Albany Corp., a regional brokerage that derives 70 percent of its revenue from individual investors. "It will take time before they come A survey of 2,300 individuals by

Al Sindlinger, whose Media, Pennsylvania polling firm has been tracking investor sentiment for 40 years, found that the number of households owning stocks or mutual funds has dipped to between 24 and 25 percent compared with 31 percent last January and 33.3 percent at the time of last October's

reason why they should go back into the market," said Mr. Sind-

responded noticeably differently than institutions to the October dehacle. Black Monday and Terrible Tuesday and the subparisons to 1929 panicked everyone. Then, in the weeks that followed, retail and institutional investors began buying shares on the view that the market was cheap. Since then, the analogies to the

Great Depression have stopped. The bargain-hunting ended in January. The Dow has settled into a trading range of 1,950 to 2,150. And though few forsee the possibility of another collapse of the magmitude seen last Oct. 19, it is difficult for investors to overcome their

"It's not a bull market. It's not a bear market. It's a wilting market," said Stephen Einhorn, chief investment strategist for Goldman, Sachs

Still, a disturbing aspect, in the opinion of many analysts, is that the retail trade continues to deteri- on board at Bahawalpur shortly orate at a time when other partici- before the plane took off. pants have decided to wait out the current market malaise. Some big in making a detonator using the investors, most notably foreign in-same chemicals, which included stitutions, have even displayed a potassium, phosphorus, chlorine willingness in recent months to test the waters on occasion.

Individual investors have accounted for about 27 percent of the lease poisonous gases into the cock-

See INVESTORS, Page 17

Alexander King, president of the Club of Rome, explains the organization's Daily Source for sent tional Investors new start 20 years after its founding. General News

CLASSIFIE

123 MI 4 1 FOR MOB Marie Marie

Yitzhak Shamir, on the campaign trail, fights on for his vision of Israel. Page 5.

page .

U.S. Links 1989 Dues **To Further UN Changes**

By Paul Lewis New York Times Service UNITED NATIONS, New York — The Reagan administration has told Secretary-General Javier Pèrez de Cuellar that it plans to

continue withholding part of its UN dues this year until a key committee approves a new austerity budget and other administrative changes, American and UN officials said. As a result, UN officials warned

Friday, the organization may face a new cash crisis later this year, particularly if it is called upon for new peacekeeping operations.

Last month President Ronald

Reagan ordered the payment of \$44 million in outstanding U.S. dues owed for the 1988 fiscal year. which ended Sept. 30, saying that he was satisfied that the United Nations was making good progress toward carrying out an agreed pro-gram of administrative changes. Congress had made the release of



BACHELOR'S . MASTER'S . DOCTORATE Work, Academic, Life Expen Send detailed resume

PACIFIC WESTERN UNIVERSITY 600 N. Sepulveda Blvd., Los Angeles, California, 90049, Dept. 23, U.S.A.

this money conditional on such a presidential finding At that time, the White House said in a statement that the president expected to be able to make a similar determination releasing \$144 million more owed for the 1989 fiscal year when the money became available for payment Oct. I, at the start of the new fiscal year.

The White House also ordered the State Department to work out a multiyear plan for paying \$520 mil-lion in past debts owed the United Nations and its specialized agen-cies, such as the World Health Organization and the International Atomic Energy Agency.

The Reagan administration handed the United Nations a check Friday for \$85.6 million, representing that part of the \$144 million Congress has appropriated for the organization in the current fiscal

The remaining \$59 million is the money that will be withheld until the administration sees the result of the committee's work and documented evidence that the United Nations is continuing to carry out budgetary and administrative

changes.

Although the Congress appropriated \$144 million for the UN fiscal year and last, the money represents only about two-thirds of the about \$212 million the United States is committed to pay the United Nations each year under terms of the UN Charter.

At 20, Club of Rome Sees a New Start

The Club of Rome, the international group concerned with world problems and the future of humanity, attracted widespread attention in the 1970s with its report, the Limits to Growth, which warned of the dangers of uncontrolled economic expansion. Now celebrating its 20th anniversary, the club hopes to reinvigorate its activities at a conference in Paris next week. Reginald Dale of the International Herald Tribune talked to Alexander King, the club's president.

Q. Why does the club need to be re-

A. We've come to the limits of what we can do with our rather amateur approach with no structure and no paid secretariat. We feel that the need for a body of politically independent individuals from all over the world who are concerned with the future is greater than ever and the possibilities for useful action are greater. We've got to streamline our approach and become more professional. We've got to obtain some resources so that we can extend our work. But the basic spirit will remain.

Q. What are the club's basic objectives? A. The objectives are to look with a longterm perspective at the basic problems facing human society, the interconnection between them and the need to tackle them all simulta-Apart from the overall problem of war and

effects on the environment, a situation of enormous political dangers. There is a close interrelationship between the problems of population, the environment,

peace, the biggest problem at the moment is the increase in the world population and its

energy use, migration and the rise of the sea level from the greenhouse effect, which could, for example, make Bangladesh disappear. Q. What will happen if these problems are

A. Nearly all these problems are to a major extent soluble. If they are not solved there could be a menace to the whole human condition, a return to a kind of barbarism, a general collapse. But there is no need for it to

MONDAY O&A

Q. Are the problems worse than when you founded the chib 20 years ago?

A. The problems, I think, have changed to some extent but the very basic situation is similar. One good aspect is that there is much

more public awareness of the problems and I think our work has contributed to that. The big changes have been the worsening of the nuclear menace, and then recently some appearement of that, and secondly recognition of the consequences of the world population explosion, which means for the first time human activity is beginning to in-fluence the total world climate and environment in a way which could be irreversible, and could be as dangerous in the end as a nuclear holocaust

Q. You said recently that human activity has multiplied by between 20 and 40 times in your lifetime. What do you mean by that?

A. When I was boun at the beginning of this century, the world had about 1.8 billion people and we're now approaching 6 billion

But beyond that the level of prosperity, the level of affluence has increased tremendous-

using more sophisticated chemicals.

Now if you combine the greater number of people and the increased demands per capita, it suggests that the total of human activity and therefore the total effect on the planet has multiplied by 20 to 40 times.

Q. What other new problems are you look-

A. One of the central problems we're facing now is the endemic unemployment that started at the time of the first oil crisis in the early 1970s and, we think, was greatly increased by automation and the new technologies - not necessarily directly, but in the sense, for ex-ample, of jobs being lost in Europe and the United States and created in Japan through international competition.

Q. And that was also mentioned by Soviet leader Mikhail S. Gorbachev, whom you saw

A. Yes, this struck me as extraordinary because in principle in the Marxist countries there can be no unemployment. The unem-ployment is absorbed by diluting the work in the individual enterprises. Gorbachev said to me one of the problems the Club of Rome ought to be facing is how to solve endemic

unemployment in a human way.

Later on, in Warsaw, [the Polish leader Wojciech] Jaruzelski explained that of course they have unemployment, but it's within the individual enterprises. In fact it may be an important ingredient of difficulties in Eastern economies because the people with insufficient work to do are milling about on the shop floors getting in everyone else's way and making productivity and efficiency increases well nigh impossible.

WORLD BRIEFS

EC Ministers Bar Talks With Arafat

IOANNINA, Greece (Reuters) - European Community foreign ministers, trying to forge a common response to the prospect of a self-proclaimed Palestinian nation, agreed Sunday that the time was not right for a meeting with Yasser Arafat, chairman of the Palestine Liberation

Organization.

"We are certainly ready to face up to a new political situation which could be created," the Greek foreign minister, Karolos Papoulias, said affected by the Greek foreign minister, Karolos Papoulias, said affected by the Greek foreign minister, which is the continuity of the continuit a news conference. But clear differences emerged over how enthusiastic

the community's response should be to an independent state.

The EC has called for the PLO to be associated with Middle East peace. talks, but many of its members refuse to deal with Mr. Arafat until the PLO renounces the use of violence against Israel and accepts its right to

Salvador Death Squad Said to Kill 4

APOPA, El Salvador (Renters) — Uniformed men calling themselves members of a Salvadorean Army unit ordered four people from them homes on Friday night and shot and killed them, relatives said Salvadorean Army unit ordered four people from them. They said the men identified themselves as members of the First Brigade, whose commander was transferred earlier this year after peasants were tortured, slain and mutilated at a notorious death-square

dumping ground.

The four victims' homes are in a working-class suburb of Apopa, and kilometers (11 miles) north of San Salvador. Their bodies, all shot in the head and with hands bound, were found under a tree near a soccer field.

Vatican Announces Record Deficit

VATICAN CITY (Reuters) - The Vatican had a record budget deficis last year of \$63.8 million, officials announced as they appealed to Roccase Catholics throughout the world to increase their contributions.

The shortfall, announced Saturday, was the largest state the Vatican began releasing financial figures in the early 1980s. The deficit is expected to increase this year to about \$66 million, according to a special commission of cardinals appointed to oversee church finances. The 1986 deficit was \$56.7 million.

Reterritor

Turns !

WEH.

The budget covers the church's central administration, including its departments of social, religious and diplomatic affairs, as well as its daily newspaper and radio station.

Jackson Program Settles U.S. Claim

WASHINGTON (NYT) — The educational program formerly headed
by the Reverend Jesse L. Jackson has agreed to pay \$550,000 to the
government to settle longstanding civil claims that the group had not
lived up to the terms of several grants and contracts awarded in the late 1970s and early 1980s.

The settlement by the program, Push for Excellence inc., or Push-Excel, represents about half of the more than \$1.1 million the Justice Department was seeking on behalf of the Education Department and the Labor Department

The dispute involved money from government grants that Push-Excel misspent or could not adequately account for, according to Diane Weinstein, assistant general counsel to the Education Department. The misspending included consultants' fees, home telephone costs and travel unrelated to the grant, she said.

2 U.S. Advisers Killed, Kabul Asserts

ISLAMABAD, Pakistan (Reuters) — Afghanistan said on Sunday that its troops had killed two U.S. and two Pakistani advisers helping Afghan

The state Kabul Radio said the four military advisers were among 35 people killed by security forces on Saturday in the Gardez area of the eastern province of Paktia.

The radio, monitored in Islamabad, described those killed as "extremists," a term Kabul uses to describe Moslem guerrillas fighting the Soviet-backed government. The United States and Pakistan have denied allega-tions by the Afghan authorities that their advisers are aiding rebels.

For the Record

The crash of a coal train and a train carrying explosives in Sverdlovsk.

Siberia, on Oct. 4 injured 1,021 people and devastated the city, the Soviet news agency Tass reported Sunday. An explosion after the crash started a fire that burned for six hours and damaged 642 apartment buildings, Tass said. The agency had initially reported that four persons had been killed

and 280 injured.

More than 100 earth tressors shook São Miguel Island in the Azores on More than 100 earth tressors shook São Miguel Island in the Azores on More than 100 earth tressors shook São Miguel Island in the Azores on More than 100 earth tressors shook São Miguel Island in the Azores on More than 100 earth tressors shook São Miguel Island in the Azores on More than 100 earth tressors shook São Miguel Island in the Azores on Miguel Island in the Azores More than 100 earth tressors shook São Mignel Island in the Azores on Sunday, damaging houses in four small towns, officials said. There were no reports of injuries.

An overloaded ferry boat sank Friday in heavy seas in the central Philippines, and at least 55 people drowned, the Coast Guard reported Saturday. The ferry, the Balangiga, was sailing from the Samar island port of Giporlos to Tacloban on Leyte island.

Elva Indian galdiere died Saturday when their webicle hit a mine planted.

Five Indian soldiers died Saturday when their vehicle hit a mine planted by Tamil rebels in eastern Sri Lanka, the police said Sunday. (Reuters) Tegucigalpa, Honduras, the police said Saturday. An anonymous called said a leftist group was responsible. Mr. Mills, who had lived in Honduras. 26 years and was originally from Woodward, Oklahoma, was shot in the head with a pistol by a man who was walking behind him on a street (AP)

TRAVEL UPDATE

French Transport Workers to Strike

PARIS (AFP) — Strikes on public transport in Paris and its submits and in provincial cities are expected throughout the week. Work stoppages are expected on the Métro system, the RER high-speed suburban rail network and the bus service in Paris, as well as on urban transit systems in provincial cities. French rail unions say they will strike from 8 P.M. Monday to 6 A.M. Wednesday, and from Wednesday night to Saturday morning, though it is not certain how widely the strike calls will be followed. The strikes are

wednesday, and from Wednesday night to Saturday morning, though it is not certain how widely the strike calls will be followed. The strikes are part of pressure on the government to raise wages and benefits. Workers on the RER refused to operate some trains for two days last week. A 48-hour rail strike in Italy was awerted Sunday when Transport Minister Giorgio Santuz used a wartime measure to order 5,000 engineers to work. He said the order would provide for the operation of 1,200 of the 6,000 trains scheduled to run during the strike period. Most are long-distance national and international services.

British Airways has introduced ministure TV sets in coach class on a Boeing 747 flying its London-New York service. The system will be extended if the four-month trial proves successful.

(AP)

Switzerland will not raise weight limits for trucks crossing the country. Transport Minister Adolf Ogi said in Athens. Switzerland has come under criticism from the EC for setting weight limits for trucks at 28 tons, yugoslavia — allow trucks to carry 40 tons of freight.

The airport in the Nigeria town of Port Harcourt will be closed until further notice because of damage caused when a Nigeria Airways Boeing 132 people, lost both engines and hit the landing strip's lighting system in Scindia, said Saturday.

The Soviet Union has told India it is ready to build a subway system in Scindia, said Saturday.

Air Seychelles plans to open a route to Paris and Athens at the and of

Scindia, said Saturday.

Air Seychelles plans to open a route to Paris and Athens at the end of the year, the official press agency SAP said Sunday. The agency said the line had also bought a Boeing 767 and might buy an Airbus A-340.(AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Haiti, Jamaica, Malawi TUESDAY: India.

WEDNESDAY: Hong Kong, Macro. THURSDAY: Guatemala, Kenya.

FRIDAY: Honduras, India. Somalia.

SATURDAY: Bahrain, Iraq. Lebanon, Somalia, United Arab Emirates, Van-

SUNDAY: Kuwait, Malaysia

Source: Margan Guaranty Trust Co., Reuters.

George Bush may become the first president in U.S. history to win as a write-in candidate.

If you are an overseas vater and have correctly applied for, but not yet received your State Absentee Ballot, you have another aption. Republicons Abroad is making special "Write-In" Balkots -available to qualified voters who lear their absentee ballot may not make it to the States by the election. November 8. These "Write-In" Ballots are available through the U.S. Embassy, Consulate or Republicans Abroad Office in your "home" country. Cost your vote for George Bush today and help make history

* * KEEP AMERICA STRONG, VOTE REPUBLICAN IN '88. *



Proof that other airlines don't quite measure up. 24" wide in Ambassador Class. Wider, in fact, hours in the air, we hope you'll remember

If you're flying across the Atlantic on business, every inch of comfort counts. So on a TWA 747, you'll find a seat over

than any other airline's. So next time you're contemplating seven

the extra space on offer. It's just one of the measures that keep TWA ahead.

TWA

For the best of America.

ORLD BRIEFS

ers Bar Talks With Aral reser (Routers) — Furopean Community for sign a common response to the prosper of the prosper of the prosper of the prosper of Yanger Aralat, chairman of the Palestine la

ly reach toward number. Ratolog is made in court in face up to a new pointed state in the circular and inferences concepted over how each and in the circular in an independent state in the circular But ever anierenes conservation in entre expressed with control of the personal with hiddle to the entre ent the the reason or assessment with Mr. Adday the of whiter against true and according

Death Squad Said to Kil

mentalist has transferred earlier this very

the marks to mercase their appealed of the marks to mercase their contribution.

as the space a central administration and of september and chicamite, again, as again

rogram Settles U.S. Ch

the program, Push for Excellence have both half of the more than \$11 million he string on behalf of the Education Department

geleg immice freun benetimment braufe fin fe and adultable remain in weading proceed counter to the I ducation Depute and community to too home telephone come (215) Age 421, 1

isers Killed, Kabul Ass

There is the same of the same accounts before Bades sout de l'autorité du autorité autorité des le la des la Contra de l'autorité de Carle de l'autorité de Carle de l'autorité de Carle de l'autorité de with the desired that allower that there is the second Market Service of the Compared to September The Lorentz Service of Lantar Backers with the second of the same of the same or the same or

appel 1 / 1 pelocetors of security (Model gregoria francis - Antonyonom in the transfer Statement of the control of the cont pale transport where who Mayor Helanders ?

THE TO SERVE THE PROPERTY. # # # # The state of the state Talking to * And Service and the service of the ANTER THE EAST OF A STREET SERVE. u **Miles** Gl. man killed 1995 harr and the year of the Marie of Marie and the same of the Marie and the Mar promise from Windows or the company

and the second second

AVEL UPDATE

meport Workers to Mi property of the second But with the second was the real or her and property Materials and account of the second potential and registed to the same for

the state of the s milester of the sales of the sales California para production de la serie de la companie de la compan Swiff tien the tra Figure 1982 India

ន្ត្រី ដែកលេខ ÷ No. of the last **通应**超点的 一种 化二 gy grant pages (Arra) morte treets The second secon grant and Shapen a mark in their and then the

THE RESERVE AND THE PARTY AND ADDRESS OF THE PARTY ADDRESS OF THE PARTY AND ADDRESS OF THE PARTY ala: Marie Contract of the State of

कुमा की ١١٠ (الرابيل and Allega Same State ALCOHOL: 连接 医水道子 1. E. 1.

BERET MALL

e iterant المعارض المعار

wh may become the tist ident in U.S. history a a write in candidate.

miss (Renters) — Uniformed men calling to successan Army unit ordered four people in sight and that and killed them, relatives into som identified themselves as incident of a manufacture of the success of the succession is at transferred carlier this to is stated and instituted at a flatorious des themes are in a working which suburb of the said north of San Salvador Their bodies of the said north of the said northe is bound, were found under a tree new aug. anounces Record Defin (Renters) - The Vations had a recording securing Saturday, was the largest since he mean figures in the early 1950. The deficite the to sport got major in recording to significant research to the state of the sta Running Mates Say It With Their Hands

Senator Dan Quayle, the Republican vice presidential candidate, made a point with his fist while speaking at the University of Wisconsin at Ean Claire. In New York, Senator Lloyd Bentsen admitted the Democrats were trailing, then mimicked the gesture made by the victorious Harry Truman when he held up a newspaper in 1948 with a headline that read "Dewey Defeats Truman."

Bush's Camp, Sensing Opportunity, is long to the second grants and contracts awarded in the property of the second grants and contracts awarded in the property of the second grants and contracts awarded in the property of Turns to Helping Other Republicans

By E.J. Dionne Ir.

New York Times Service WASHINGTON - Vice President George Bush's campaign, sensing new opportunities after last week's presidential debate, is ex-ploring ways to help flagging Re-publican candidates for the U.S.

AMERICAN

TOPICS

California to Provide

Over the next three months

California will refill shrunken

rivers and swamps in an effort

to minimize the effect of a

drought this year on migrating ducks and spawning salmon,

The Los Angeles Times reports.
The water will come from feder-

al reservoirs and cost \$350,000.

Of that amount, Ducks Unlim-

ited, a hunters' organization

that helps conserve wetlands,

Without the water, officials foresaw the biggest fall run of

Chinook salmon since the mid-

1940s fighting their way up-

stream to spawn only to find

dry gravel beds. State, federal

and private water groups have waived about \$800,000 in fees

waved about 3000 M lets normally charged for pumping and moving water.

"We are just providing a helping hand to Mother Na-ture," said Peter F. Bontadelli,

the state fish and game director.

He said the extra water for fish

and ducks would not short-

change farmers, municipalities or others who contract to buy

state and federal water. The

state found water not already

Lower Manhattan has a new nightchub aimed at the Wall Street crowd. It is called B²,

pronounced "Be Square." Jim

Harlow, one of six investors in

B', said the neighborhood needed a club for business people who leave work at 5:30 P.M.

and do not want to wait until 11

P.M., when other downtown clubs get rolling. The club is named after the song "it's Hip

Record numbers of Illinois citizens have been getting married across the state line in Wis-

consin. A new Illinois law, the

only one of its kind in the United States, requires marriage-li-cense applicants to take an AIDS test. A similar statute in

Louisiana was repealed earlier

this year in the face of a stam-

pede of engaged couples across the state's borders. In llimois, however, advocates of testing have promised to fight any move toward repeal. In Keno-sha, Wisconsin, 41 marriage fi-

spoken for, he said.

Short Takes

to Be Square."

will contribute \$75,000.

Water for Wildlife

lengthening, the campaign is coming under pressure from other Republican candidates — especially those running for seats in the Sental candidates are echoing Mr. Bush's themes, hoping to pack up some of the vice president's support. Richard N. Bond, the political director ate, where the Democrats seem to enjoy leads in key races - to lend his growing popularity to their

censes were issued to Illinois

for the Bush campaign, said Bush strategists would decide in the

coming week how it can help Re-publican candidates for the Senate

Among the Republican Senate

and House.

weakest. Republica

such as Robert McMillan, who is

Senate Backs Bid

To Let U.S. Join

Genocide Treaty

New York Times Service

dent Ronald Reagan, a supporter of the treaty, for his signature.

The Senate had given its consti-tutionally required advice and con-sent for U.S. compliance with the

treaty two years ago, but a political battle over whether to mandate capital punishment for genocide had blocked approval of the legisla-

The measure will change the

United States criminal code to in-

clude penalties for genocide, which it defines as acting with the intent to destroy, in whole or in part, a national, ethnic, racial or religious

couples in the first seven months of 1987. In the compaconsin; Mayor George Voinovich of Cleveland, who trails Senator rable period this year, 888 were and Pete Dawkins, a busine The acronym "OOOOPS," for the myriad disasters that could happen if terrorists got hold of nuclear or chemical weapons, has been coined by Gregory Fossedal, a research fellow at the Hoover Institution

erwise: Possible Scenarios. Shorter Takes: The Europe an Community, as it moves to te trade barni 1992, is opening a third U.S. office, in San Francisco. The other two are in Washington and New York. The EC plans eventually to open a Chicago office as well. • The White House staff numbers 3,366 people, according to a study by the Brookings Institution, not the 622 officially on the payroll. The higher number includes military personnel, Secret Service agents and employees on loan from other agencies.

at Stanford University. OOOOPS stands for Ominous

Outcomes Ordinanced or Oth-

Notes About People

Tom Clancy has settled a quarrel with his first publisher, the Naval Institute Press, over who owns the character of Jack Ryan, the hero of his 1984 novel The Hunt for Red October." After it became a best-seller, Mr. Clancy signed a \$3 million. three-book contract with G. P. Putnam's Sons. The three books all featured Jack Ryan. The Naval Institute Press, which held the copyright to "Red October," was seeking a percentage of the earnings of the sequels. Under a confidential settlement arranged by the American Arbitration Board in New York, the press will receive an unspec-ified cash payment, and Mr. Clancy will continue to use Jack

The actress Sasan Sarandon, who plays the part of a baseball groupie in the film "Bull Dur-ham," is a fan herself. "Never root for a team whose uniforms have elastic stretch waist-bands," she says. "They are un-sightly and without grace." Even before the Oakland Athletics won the American League pennant she was predicting Keep an eye on the Oakland A's. They play on grass, under the sky and have terrific belt

MONTMARTRE - PLACE BLANCHE

Tél.: (1) 46.06.00.19 and Agencies Télex: 642978 MOROUGE

Fex: (1) 42.23.02.00

Arthur Highee



THE HUSTINGS

Dukakis at Hub of Clerics' Dispute

WASHINGTON (WP) — A group of 16 Orthodox Christian priests, none of them Greek, has demanded that the Greek archbishop, lakovos, disinvite" the Democratic presidential candidate, Governor Michael S. Dukakis, from the primate's nameday celebration Saturday in Washing-

ton in order to "preserve the integrity" of Orthodox Christianity.
"We who cherish our Orthodox faith know well that Mr. Dokakis has been excommunicated from the holy mysteries of the Orthodox Church, owing to his non-Christian marriage and his willful refusal to baptize his two danghters," the priests said in a letter to George Liapis, chairman of the nameday celebration. The "holy mysteries" are the sacraments of the

candidates Mr. Bush may be able The priests, acting under the umbrella of an organization called to help are Susan Engeleiter, a leg-islator who trails Herb Kohl, a Democratic businessman, in Wis-Orthodox Christians for Life, charged that Mr. Dukakis has "abandoned the faith of his baptism" by marrying a non-Christian and implied that Archbishop Iakovos, a longtime friend of the Dukakis family, has improperly injected himself into secular politics by the invitation. Archbishop Iakovos and other leaders of the Greek church have repeatedly Howard M. Metzenbaum in Ohio; denied that Mr. Dukakis has been excommunicated.

who is trailing Senator Frank R. Lautenberg in New Jersey. On This They Agree: No Army Draft WASHINGTON (NYT) — Among the few policies on which Vice President George Bush and Mr. Dukakis agree is that the United States

Mr. Bond noted that some Republican Senate candidates, such as Mr. Voinovich, have strong poshould continue to rely on volunteers to fill the ranks of the armed forces. Drill sergeants maintain that young men and women with high school diplomas are easier to train, more disciplined and more likely to complete litical bases of their own and that cooperation between the Bush campaign and the Senate cam-paigns could benefit both sides. their enlistments. The Pentagon reported recently that 97 percent in the enlisted ranks of 1.8 million were high school graduates, compared with

But the Bush campaign does not 82 percent of the civilian labor force.

Expect to be able to pull along the Moreover, in recent years the rate of re-enlistment has been increasing in Challengers, among the better-educated and more highly skilled recruits while re-Patrick Moynihan in New York, or leaders and technicians.

Maurice Dawkins, a Republican who trails far behind former Gov
Reagan Hails Astronauts (and Rush)

Reagan Hails Astronauts (and Bush) emor Charles S. Robb in Virginia.

WASHINGTON (WP) -- President Ronald Reagan combined homage Saturday to the crew of the space shuttle Discovery with a plng for Mr. Bush in a White House ceremony attended by NASA officials, the Discovery astronauts and their wives.

"The vice president was right last night — you are America's heroes,"
Mr. Reagan said. "You are his heroes and mine. You're each veterans of the space program. And what you have done for the program and for your country will long be remembered."

The U.S. Gun Lobby Has Its Favorite

WASHINGTON — The Senate has given final legislative approval to a change in U.S. laws that will WASHINGTON (AP) - The National Rifle Association is saturating more than a dozen states with radio commercials criticizing Mr. Dukakis's record on crime and guns as "up-North nonsense" that should not spread beyond his native Massachusetts. permit the United States to join 97 other countries in an international

Mr. Dukakis said the advertisements are an "outrageous distortion" of his positions. His campaign has asked the gun lobby to pull them and is counterattacking with its own radio and television advertisements.

treaty outlawing genocide.

The treaty was first proposed 40 years ago by President Harry S.

Truman in reaction to the Holo-Daniel A. Taylor, general counsel for the Dukakis campaign, told the sociation by letter that it was wrongly attributing statements to Mr. caust, the systematic killing of milions of Jews, among others, by the Nazis during World War II. The Dukakis. But Wayne La Pierre, director of the association's lobbying arm, said the NRA advertisements were factual. He accused the Dukakis campaign of "a heavy-handed attempt to keep us from relaying the truth." measure was approved Friday by voice vote and will be sent to Presi-

paco rabanne

Collection Prêt à Porter Eté 1989

Club St James 5, r'-ce du Chancelier-Adenauer, 75116 Paris Sur invitation

Chicago's Unsettling Violence

Aiding Fellow Passengers, Witnesses Become Victims

By William E. Schmidt New York Times Service

CHICAGO — Four times in the physically involved with criminals. past month, riders on the transit system here have witnessed singuarly brunal acts of violence: two murders, a rape and a slashing, each of them carried out in full view of horrified onlookers.

The incidents have provoked an outcry for more police officers and better security on city buses and trains. But they have also raised a more difficult question, one that sooner or later crosses the minds of many people who move daily through the faceless crowds of this or any large city: Just how far should a citizen go when confront-ed with a criminal situation? In two of the incidents here, pas-

sengers on trains of the Chicago Transit Authority who sought to intervene became victims themselves, causing the police to wonder aloud if the men had acted wisely. One man died after he was shot twice in the chest when he chal-lenged a robber wielding a gun. Two weeks later, another man, who shouted at a pickpocket, was chased through the crowded train by the thief, who then nearly sliced off his right ear with a rezor.

But the sharpest public reaction followed a third incident, in which hundreds of people passing along a crowded train platform at rush hour watched and langhed but did othing while a man and a woman had sexual relations in a stairwell. No one alerted the police until the woman's cries made it clear they ad just witnessed a rape.

A suspect was apprehended, thanks to witnesses who pointed him out to the police. Still, editorial writers used the incident to rail against public indifference. Mayor Eugene Sawyer said, "It's

up to the general public to get more involved in what they see."

A women's group picketed the station where the rape occurred. Their message, said a protester, Ellen Holmes, was that "it is not O.K. just walk by." The sometimes contradictory re-

actions of the police and the public to these incidents — as well as the murder of a youth who was stabbed to death on a city bus by two teenage gang members — have left many people confused and angry. People are afraid, they are an-

gry, but no one can tell them how they should respond," said Richard
Taub, a sociologist at the University of Chicago. "And the police are
no help on this."
R. Lance Shotland, a professor

of psychology at Pennsylvania State University, has studied the question of citizen intervention. "No matter what people do," he noted, "they are likely to be told later they were wrong. People are

confused." crated in Chicago, and the Guardian Angels, the group of unarmed teen-agers that patrols streets and

subways, has offered its help. But most police departments have no clear policy on what a citizen should do. Saying they are concerned about liability questions, and alarmed over the specter

of vigilantes, the Chicago police reaction to the incident involving discourage citizens from becoming Bruce W. Plattenberger, a subur-"It's always a tough question," said Edward Wodnicki, chief of detectives for the Chicago police. "We don't want to put people in a posture where they can be hurt. We don't want to encourage vigilantes. My advice is, he alert, remember

'People are afraid, they are angry, but no one can tell them how they should respond. Richard Taub. a sociologist

what a criminal looks like, arouse the attention of people around you, call the police." Police ambivalence about citizen

intervention was reflected in the case of Dennis Eagan, 22, the man who was hailed by newspapers as a hero after he was injured when he foiled a pickpocket on a train. LeRoy Martin, superintendent

of the Chicago police, agreed that Mr. Eagan deserved credit, But he also wondered aloud whether Mr. Eagan should have confronted the thief. "If they had gotten a carotid artery instead of an ear, I'd have had another death on the CT," or Chicago Transit, said Mr. Martin Sherwood Williams, a deputy police chief, was more blunt in his

ban lawyer who was shot to death after he challenged a robber on a train by telling him he thought his pistol was a fake. Mr. Williams said the man "didn't use common many in the city. In a letter to the Chicago Sun-Times, Chuck Cuttone wondered

what the police expected of citizens. Are they, he asked, supposed to throw their "wallets and valuables to the punks" who terrorize the city's transit trains? One extreme is characterized by the case of Bernhard H. Goetz, whose shooting of four young men

who accested him on the New York

subway in December 1984 herame

a metaphor for public frustration and anger, and the reckless determination of some who would take the law into their own hands. The other extreme is typified by the 1964 murder in New York of Kitty Genovese, whose death was seen as a shameful parable of public apathy. Her cries for help went unheeded by more than 35 neighbors, some of whom watched he

die but did not call the police, Mr. Shotland, the psycholog professor, said that the police and public agencies must agree on a model public policy. Most impor-tantly, he said, they must empha-size the need to call the police immediately.

"We shouldn't put unnecessary pressure on people to get in-volved," he said, "and then condemn them later for what they did



CARAN D'ACHE - DIVISION CADEAUX D'AFFAIRES - 19, chemin du Foron, C.P. 169 1226 THONEX-GENEVE - Tel. 022/480204 Tix 418570 CDA - Fax 022/498412

Why Americans Abroad Are Voting For Dukakis/Bentsen

The Dukakis/Bentsen Team Stands For:

* Equitable treatment of Americans abroad. That includes fair tax laws and citizenship requirements.

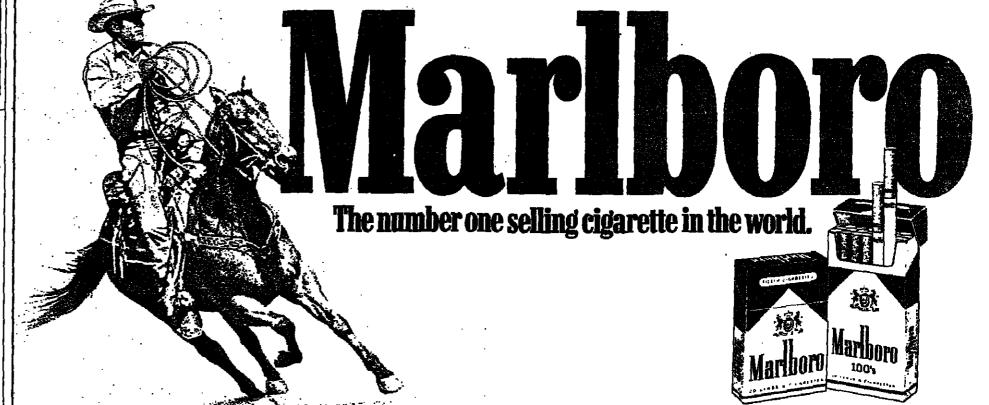
* A well-run, ethical government that helps those in need. * Peace and security through economic and military strength.

* Responsible world leadership.

For a Better America and a Better World. Vote Dukakis/Bentsen

For more information contact Democrats Abroad:
Paris 39 52 64 32; London 223 5286; Athens 643 2660; Geneva 34 07 78; Hong Kong 476 428; Tokyo 785 1559; Toronto 926 6302; Cairo 353 1205; Brussels 687 9333; Madrid 207 1863; Holland (1751) 18409; Germany (6371) 629 55; Tel Aviv 267 593; Mexico City 398 9708; Rome 361 9332; Bangkok 271 3882; Sweden (506) 116 50; Vienna 475 5965; Costa Rica 28 09 21.

PAID FOR AND AUTHORIZED BY THE DEMOCRATIC NATIONAL COMMITTEE.



WORLDWIDE ENTERTAINMENT



Soviet Psychiatrists Repentant

By Michael R. Gordon New York Times Service WASHINGTON --- In an effort to improve the international standing of its long-criticized psychiatric profession, the Soviet Union has said that it will reapply for membership in the World Psychiatric

dent of the organization. The Soviet psychiatric society withdrew from the organization in 1983, when it was apparently on the verge of being expelled for the official practice of confining political prisoners in mental hospitals. Since then, the Soviet Union has reported improving its psychiatric standards as part of a broader ef-

Association, according to the presi-

fort by Mikhail S. Gorbachev to make Soviet society less repressive. Soviet dissidents and some experts assert that additional improvement is needed, and an intense debate has crupted among Union should be readmitted before further corrective measures have

By David Remnick

Gorbachev made his historic

speech a year ago on the crimes of the Stalin era, many here said they

with his criticism, especially of the

NEWS ANALYSIS

brutal collectivization of Soviet

farms in the late 1920s and early

But Mr. Gorbachev proved last

week that the rethinking of Soviet history, despite its limits, could

have far-reaching consequences for the lives of ordinary people. With-

out first opening the way for a historical examination of collectiv-

ization, he could never have made

the radical pitch for widespread new forms of farming that he did

last week at a dramatic meeting

with agricultural leaders at the

Western and some Soviet schol-

ars estimate that millions of Soviet

More importantly, he has per-

mitted numerous journals and

newspapers to publish evidence of

ar market and the same

felt he had not gone far enoug

Washington Post Service MOSCOW — When Mikhail S.

The issue was recently discussed as president of the association, by experts who gathered in Washington for an association symposium on a wide range of psychiatric

Peter B. Reddaway, director of the Kennan Institute and an anthority on Soviet psychiatric practices, said Saturday that the Soviets had been systematically releasing from mental hospitals political prisoners who had been the focus of concern in the West.

actions were necessary before Soviet psychiatrists could be readmitted, including an official condemnation of past abuses and the political rehabilitation of dissidents who had been released from

Mr. Reddaway emphasized that the Gorbachev leadership would have to replace senior mental health officials who were in power when the abuses were rampant.

But Costas Stefanis, a Greek grounds, a Reagan adm professor of psychiatry who serves official said recently.

Gorbachev Aim: Restructure History

et history around.

agricultural leaders last week, he

His idealized picture of Soviet

agriculture, one dominated by

smaller groups of ambitious farm-

ers who are out to maximize pro-

duction as well as their own in-

nothing to fear, economically or

juridically, from the new lease ar-

In an interview, he said the group must be careful not to interfere in

the Soviet Union's internal affairs. The Soviet psychiatric society, the All-Union Society of Psychiatrists and Neuropathologists, expressed its "willingness to apply" for readmission in a cable sent to the world association earlier this

In the time since Mr. Gorbachev assumed power in 1985, the Soviet Union has announced some changes, such as the transfer of 18 so-called special psychiatric hospitals from police control to the control of the Health Ministry and the adoption of a new set of rights for

Though many prisoners have been released, the United States is still concerned about 70 cases in which it believes that patients may have been incarcerated on political

KREMLIN-LAND — Mickey Mouse and a Soviet counterpart, Misha the Bear, entertaining children in Red Square on Sunday. They were promoting the release of four Walt Disney films.

(Continued from Page 1)

pines, the administration agreed to speed delivery of some U.S. aid that was previously approved but not sent. Some of the aid will be made available in cash to hasten its spending, a U.S. official said.

The breakthrough in the often- port. contentious negotiations got a strong push in repeated unan-nounced meetings in Washington last week between Mr. Manglapus and an assistant secretary of state,

The negotiations are technically a review of the U.S.-Philippine Military Bases Agreement, which expires in 1991.

Successful completion of the review is necessary before a more complex and difficult negotiation over the ultimate future of the bases can begin.

Large stockpiles of fuel and am-

munition are maintained at the Clark base, from which the United States can stage airlift operations

New Stability Is Seen and train combat pilots in the 13th Air Wing based there.

Subic Bay Naval Base is the

Pacific to the Gulf. Because of the mosphere of stability in the Philipdifficulty of reaching agreement on the bases review and doubts about "It" renewal of the broader pact, the Pentagon for the first time serious- ery and help businessmen plan for ly contemplated arrangements un-der which U.S. forces would go elsewhere in the Pacific for sup-

A speech in September by the Soviet leader, Mikhail S. Gorbachev, offering to remove Soviet forces from bases in Vietnam if U.S. forces leave the Philippines was a complicating factor in Philippine politics. But it does not appear to have seriously affected the nego-

tiations between Washington and

The basic outline of the U.S. compensation package had been clear since it was placed on the negotiating table in Manila in midsummer, and the Reagan adminis-tration rebuffed repeated efforts by the Philippines to increase the com-

"It will help the Philippines cope with problems of economic recovthe future," he said.

It has become politically difficult for public figures to speak out in favor of the bases, which have been described as an infringement on national sovereignty.

Meanwhile, in an act of vandal-

ed Nations could also play an important role in bringing them closer ism that the police said appeared to be related to the negotiations, people suspected of being Communist Nations to do, as a neutral third rebeis damaged a statue of General party, is use its good offices as a Douglas MacArthur in an explomediator," he said Friday aftersion on Saturday in Palo, on Leyte noon. "Sometimes direct parties Island southeast of Manila. cannot agree because of mistrust The 10-foot-high (3-meter-high) and pride. Just as in marriage coun-

brouze statue is the centerpiece of a group of figures shown wading ashore in Leyte on Oct. 20, 1944, to liberate the U.S. colony that the general had been forced to flee as the Japanese invaded the archipelago early in World War II.

The Leyte landing, fulfilling the general's pledge — "I shall return" - has remained a symbol of the warm relations between the two nations since the United States

With Leaders in North meeting, but will talk again in N

Seoul to Ask UN's Aid

For a Reconciliation

By Susan Chira

New York Times Service

tage of the good will engendered by

but both have observer missions

While Mr. Roh acknowledged anti-American sentiment, he said

the two nations would remain close

and ill feelings would dissipate.
"Two people quarrel when they are very close," he said. "Brothers

fight. You do not fight with those

who are further apart. The Korean

While the two Koreas should

What we would like the United

their own affairs, he said, the Unit-

arrange a satisfactory solution.

In July, Mr. Roh announced a

shift in policy toward North Korea

als by the North, the two sides

talks in nearly three years.

tween the two neighbors.

ment in Pyongyang.

Shull.

While the South proposes build-SEOUL - President Roh Tae ing good will through family visits. Woo of South Korea says he will ask the United Nations and its trade, and citizens' exchanges, the North wants a piedge of nonaggree. member countries to help bring sion and the eventual withdrawal about a reconciliation with North

Korea that would ease tensions beof U.S. troops. Mr. Roh said he would not specifically appeal for direct negotia-tions to be undertaken by UN offi-In an interview in advance of the first address to the United Nations General Assembly by a South Ko- cials, such as the talks that rean leader, set for Tuesday, Mr. produced cease-fires in Afghanistan and in the Gulf War.

Roh seemed eager to take advan-But he suggested that he would the Olympic Games in Scoul to win backing for his overtures to North reaching out to North Korea backing for his overtures to North Korea, which have so far not made cither from the United Nations or much headway with the govern- from member countries who have relations with North Korea or have security interests on the Korean

Neither South nor North Korea is a member of the United Nations, "The United Nations has carned the respect of the international community by assisting in the solu-tion of international disputes," he Mr. Roh is to meet with President Ronald Reagan on Thursday

in Washington.

During the Olympics, many
South Koreans booed American
athletes and cheered those from Soually can also play some role."

> ■ U.S. Gestures to North Elaine Scioling of The New York

Times reported from Washington: The United States is expected to take some modest but symbolical important steps toward opening diplomatic and trade contacts with North Korea as proposed by Seoul, State Department officials said

public has trusted and depended on American friendship. If their ex-Saturday.

Although the officials emphasized that no final decision has been made, they indicated that Mr. Reagan was likely to give Mr. Roh pectations are not met, they are more disappointed."

Mr. Rob has made a priority of improving relations with the some assurances of the administration's willingness to make a limited continue to make efforts to resolve overture to the Pyongyang govern-ment when the two leaders meet briefly Thursday.

It is unclear when the administration will announce its decision. Among the steps under active consideration are the resumption of limited diplomatic contact between U.S. and North Korean officials, relaxation of the visa restriction on North Korean nationals seling we need a third party to and encouragement of unofficial exchanges.

The administration is also examining what one official called "a intended to promote trade and per- more lenient approach" to the sonal exchanges between the two Trading With the Enemy Act, nations and end the North's diplo-matic isolation. which prohibits trade with "end and my" countries and has been and After a flurry of counterpropos- plied to North Korea.

The administration may extend embarked in August on their first certain exemptions under the act to North Korea, such as the delivery So far, they have failed to agree of "humanitarian items" such as on terms for a joint parliamentary food and medicine.

citizens died during mass deportaencouraging nothing less than the resurrection of a class of farmers tions and famine during Stalin's who would have been denounced collectivization drive. In his speech last Nov. 7, Mr. Gorbachev spoke and executed during Stalin's collecvaguely of a policy that had had periods of "excesses" but had been Mr. Gorbachev will not be able a transformation of great importo transform Soviet agriculture overnight. He faces strong opposi-But in the last several months the tion from the invariably conserva-Soviet leader has steadily increased tive and bureaucratic leaders of rethe sharpness of his view of collecgional state farms, and he must also persuade farmers that they have

Criticism of Stalin Leads to Radical Farming Changes mass repressions and deaths during the period. In September, the parry newspaper Pravda denounced col-Soviet officials said in interviews that some people were hesitant to change their ways because they relectivization as a cruel policy that membered the past only too well.
"There is a fear of getting wealthy
and then getting in trouble," one
official said. had led to a legacy of ruinous stagnation in Soviet agriculture. Mr. Gorbachev needed to clarify Soviet history in order to turn Sovi-

Mr. Gorbachev, who has become head of government as well as leader of the Communist Party, has

MANILA: U.S. and Philippines Agree on Bases' Rent

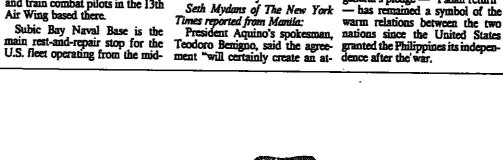
Bacific to the Gulf Recause of the mosobere of stability in the Philip-Leaving the details to historians, be moved to questions of policy. extraordinary power not only to criticize the past but also to adver-For months, in broadcast speeches and meetings, he has been calling for 50-year leases for family farmtise the virtues of his new policies. And nowhere has that power been ers and a gradual reduction in more apparent than in his attempts scope of the enormous sorkhozes to turn around the Soviet Union's (state farms) and kolkhozes (collechuge food problem. tive farms). At the meeting with

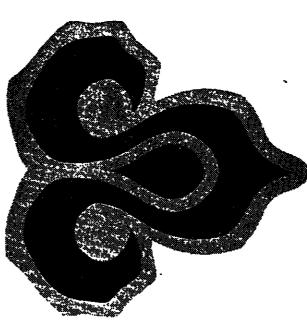
With television as his primary widened that appeal, asking that "the entire agranian sector follow propaganda tool, Mr. Gorbachev used a September trip to the Siberian city of Krasnoyarsk to dramatize the depths of people's concerns. And last week, during televised excerpts from his meetin with farm leaders, he orchestrated a lengthy discussion on the virtues of the new leasing plans.

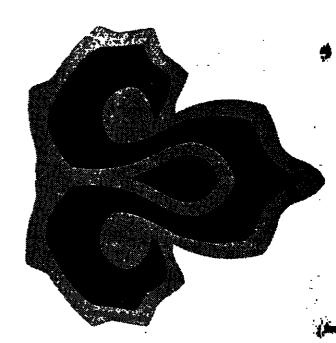
come, is at complete odds with five decades of Soviet ideology. He is As always, Mr. Gorbachev interrupted speeches, browbeating speakers when they contradicted the new line and, more often, encouraging those who supported it.

Instead of calling for the climination of collective and state farms, he said that widespread leasing would "open up their potential."

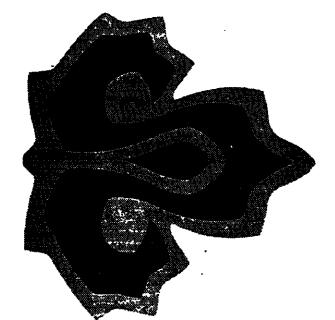
"A person's desire to own land and resources, to create his own family farm, does not contradict socialism, comrades," he said. "Such an owner will work on land that is public property."

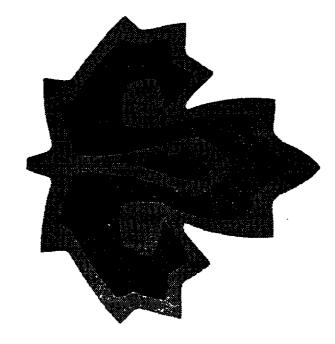


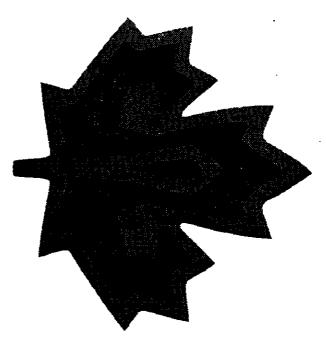


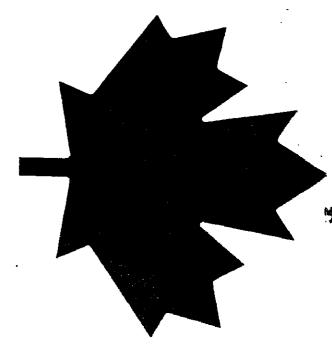


Now you can catch a Thai International flight from Bangkok









and in no time at all you can be in Toronto, Canada.

The great lakes, the great outdoors. The great diversity of everything Canadian. From the Rockies to the Prairies, from the traditional to the modern. This, is Canada. And now Thai takes you to Toronto in 747 comfort every Monday, Thursday and Saturday from Bangkok via Taipei and Seattle. Returning on Tuesday, Friday and Sunday. Thai. Centuries-old traditions. Innovative thinking. State-of-the-art technology.

Commencing July 16, 1988. Subject to Government appro

By Glenn France. Washington Post Service PETAH TIKVA, Israel — Earlier they had mobbed him, shouting and straining for a

Mile derrors Red Tar

BOOK WITH PIECE. at an Thursday

and range class radd dampair. as and "Brights A fight with these part. The Korean and depended on

thip If their exof met, they are his epochet & star Mond with the

in blander that I reseal. s a neutral teurs क्षाची त्यीक्षात का उ

the rest seems at is they for

Shamir Fights On for His Vision of Israel Ru Glerin Frankel Jewish unity as a form of contempt elections failed miserably, Mr. Shamir took a variety of unsuccessful who was, in the words of critics mir took a variety of unsuccessful Zeev Schiff and Ehud Yazri, "Some on association in stripes

his name and strangure star, spines as if he were a movie star, in he and his small culturage While the South property of the pedestrian with North walls a pledge of the south of betraying the people of Israel and sketched his own vision of how his country could secure its future.

Mr. Koh Sand his small entourage wound through the pedestrian mall Now at a rally, they cheered wildly as he accused his opponent of betraying the people of Israel and sketched his own vision of how his country could secure its future.

It was a "total lie" that he did not

Mr Rich and he was "total lie" that he dru and lie wanted Natural Street for days such as the wanted was "true peace, not peace at the wanted was "true peace at the land he by a South have class, such as the life wanted was "true peace, not peace at the wanted was "true peace, and not peace at the expense of surrendering the land he calls ludes and Samana. It is the calls ludes and Samana. It is the calls ludes and Samana. It is the But he suggested by it willing to accept an and that most of the world knows to fix not made the first from the United to and his Liked political bloc as the state indication; with North knows technique, with North knows the suggested by projecting himself and his Liked political bloc as the state indication; with North knows technique interests on the suggested by projecting himself and his Liked political bloc as the state indication; with North knows terrests on the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political bloc as the suggested by projecting himself and his Liked political by projecting himself and his Liked poli

"The limited Nations is farmers, the industriansis — course we are the entire nation, all of use respect of the size. We are a national movement. We are not left and not right. We said in the concerned about the whole

Chronics, many think the Linual Nation people of Israel."

It was just another evening on the campaign trail for Mr. Shamir, the campaign trail for Mr. Shamir, that is can also play some seeking a mandate to keep the prime ministership, which he has prime ministership. Control of the least five years.

Liming Scaling of the least five years.

But his appearance last week in Petah Tikva, a central Israeli town, was a measure of how far Mr. Shamir has come as a politician, public many trans steps town diplomatic and tradents. North Korea as propositional control of the least five years.

State Department of the States have been been as a politician, public beaker and leader of a party that diplomatic and tradents. When he took over as prime minister after Menachem Begin's resignation in 1983, he was to serve as a

Although the offices:

Caretaker until younger, stronger an attempt to run Stern although as an attempt to run Stern although as candidates in the 1949 Knesset.

Reagan was likely to make the offices of t nation in 1983, he was to serve as a Reagan was likely to get a finance of the direct the reagan was likely to get a finance of the direct the reagan was likely to get a finance of the direct the reagan was in triple figures. Its army in the quagnite of Lébanon, its relations with Wash-

the said, the Unit overtain in the Program ington troubled.

The play are recommended them when the two lets are years later, annual inflation in the Thursday.

The play are recommended to the play in the play is running at 15 percent; most of It is answear when the the troops are home from Lebanon, trained will announcine and relations with the United Among the steps me States are on a firm if sometimes contentions footing. Most of this at finds attended districted deplement of happened during the last four years a threat parter. In and North when a strife-ridden coalition govwas of marriage with traction of they enument bound together Mr. Sha-A maretage cases the control of North Kerner mir and his main political oppothere's pairs to and encouragement of nent, Shimon Peres, the Labor being being the cachenge Party leader. Mr. Peres can take The administrations, much of the credit for the accomand North Keren with the office phishments, but the idea for the

to the hand you was the district aprent aprent aprent in the hand you have been and hard the hand problems trake minister during the second half of the hand problems trake minister during the second half of the hand problems and have be blocked Mr. Peres' attempt to The administrator on Middle East peace and killed a regional diplomatic initiative by * veget the complete such as the U.S. secretary of state, George P. Shultz, without ever actually say-

He can also take responsibility for the transformation of the Li- kud. Despite a lackluster 1984 campaign, he managed to dodge the huge electoral defeat that polls had predicted and won enough seats in the Knesset, or parliament, to force Labor into the unity government Israeli elections are about parties nd policies, but they are also about people, and this particular election is very much about Yitz-

hak Shamir and Shimon Peres. Mr. Peres is the ultimate inside who has spent his adulthood in a variety of key government posts. He is articulate, passionate and impatient. Mr. Shamir is the outsider, restrained, resident, at times monosyllabic man who emerged from the shadows of a life spent first in the smallest and most extreme of the pre-independence Jewish underground movements, later in the Mossad intelligence

Yet the polls suggest it is Mr. Shamir, not Mr. Peres, who stands the better chance of being Israel's. next prime minister in the Nov. 1

Shamir is as uncharismatic and funny looking as a human being can be, but people say he's downto-earth, honest and reliable," said Sarah Honig, a veteran Israeli political reporter.

Others view Mr. Shamir's silence

ESCORTS & GUIDES

INTERNATIONAL

ESCORT

SERVICE

Head office in New York 310 W 56 Sr NYC 10019

212-765-7896

LONDON

LONDON

ARISTOCATS

they contend needs an impassioned

Mr. Shamir was born Yitzhak Yezernitsky in eastern Poland in 1915. At the age of 20, he came to British-mandated Palestine, briefly attended Hebrew University in Jerusalem, then joined the Irgun, the smaller of the two Jewish underground movements. He chose the

ation of movie theater owners.

Then, in 1955, Israel's establishment opened its doors. The head of the Mossad, Isser Harel, recruited Mr. Shamir and other former Irgun and Stern Gang members into the spy agency where their operational experience was put to use. In 10 years with the Mossad, Mr. Shamir left few fingerprints.

We are a national movement. We are not left and not right. We are the center camp whose mission is to be concerned about the whole people of Israel.' Yitzhak Shamir

Hebrew word shamir, meaning thorn, as his surname.

The Irgun split into two factions in 1940. The larger one chose to suspend terrorist attacks against Britain and offered its full support in the fight against Hitler. The smaller one, led by Avraham Stern, saw the British Empire as its main enemy and vowed to keep fighting even if it meant indirectly helping the Nazis. Mr. Shamir joined with Stern and it was Mr. Shamir who painstakingly put the Stern Gang back together as head of operations after Stern was killed by the British police in 1942.

The first years after Israel's indeendence in 1948 were hard ones for Mr. Shamir, who like other Stern members was an outcast from the new state led by David Ben-Gurion and veterans of the

He left the Mossad in 1965 and suffered through another series of second-rate jobs until Mr. Begin, Shamir's old rival from the ligun, rescued him in 1970. He gave Mr. Shamir a job directing the in tion department of Mr. Begin's Herut Party. By all accounts, Mr. Shamir repaid him with doggedly faithful service as first a party bu-reancrat, then Knesset member and

The one exception was Camp David Mr. Shamir, then speaker of the Knesset, opposed the 1979 accords with Egypt, arguing that Mr. Begin had given too much away in agreeing to dismantle all Jewish settlements built during Israel's oc-cupation of the Sinai Peninsula, and he abstained on the final vote. Mr. Shamir now portrays himself as Camp David's most ardent

hampion. Otherwise, he was Mr. Begin's

jobs, including directing an associ- Zeev Schiff and Ehud Yaari, "a zealous nationalist in striped

> Mr. Schiff, defense correspondent for Haaretz, Israel's most distinguished daily newspaper, was one of the first to learn about the 1982 massacre of Palestinians by Israel's Lebanese Christian militia allies in the Sabra and Chatila refugee districts in Beirut, and he took his information to Mordechai Zippori, then the communications minister. Mr. Zippori called Mr. Shamir, informed him that a slaughter was apparently taking place at the Berrut districts and pleaded with him to take up the matter with senior military officials at a staff meeting later that day. Mr. Shamir never did, and the killing continued for another day.
>
> The Kahan Commission that as-

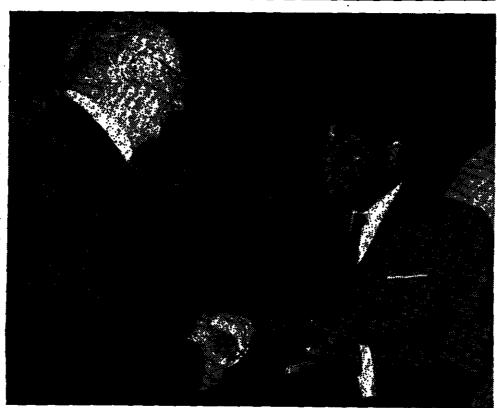
sessed responsibility for the massa-cre concluded that Mr. Shamir may have misunderstood Mr. Zippon's words. It confined itself to the judgment that Mr. Shamir had 'erred" in not passing on the infor-

Mr. Shamir's biggest complaint against Mr. Peres seems to be not that the Labor leader broke their agreement by pressing for an international peace conference after Is-rael's ruling "inner cabinet" rejectspeaker, and then as foreign minised the idea on a tie vote, but rather that by doing so, Mr. Peres shat-tered the facade of unity.

By "this traitorous step," Mr. Shamir told the rally in Petah Tikva last week, Mr. Peres "broke the national unity government."

The result, the prime minister contends, led directly to the the Palestinian uprising in the West Bank and Gaza Strip.

Still, Mr. Shamir says he is prepared to form a new unity coalition with Labor.



BOTHA TAKES DIPLOMATIC DRIVE TO IVORY COAST - President Félix Houphouët Boigny, right, welcoming President P.W. Botha of South Africa at Yamoussoukro, the Ivory Coast capital, where they discussed conflicts in southern Africa for nearly five hours. Mr. Botha has been meeting black African leaders in recent weeks in an effort to end South Africa's political isolation.

No Cuba Pullout Pact, Angola Says

By Robert Pear New York Times Service WASHINGTON — Angolan and Cuban diplomats have denied reports that they have reached agreement with South Africa on a nedule for the withdrawal of Cuban troops from Angola.

On Oct. 9, after three days of talks in New York, U.S. officials said negotiators from Angola. Cuba, South Africa and the United States had agreed that all Cuban troops should be withdrawn in 24 to 30 months. The officials' comments were reported Oct. 10 in The New York Times.

But Manuel Pedro Pacavira, Anas complacency, his emphasis on Quesada, Cuba's deputy foreign

MAYFAIR CLUB

CAPRICE-NYC ESCORT SERVICE IN NEW YORK TEL: 212-737 3291

NEW YORK ESCORT SERVICE (212) 688-2512

minister, said there was no agreement on the specific number of months. They want 30 months, while the South Africans want 24.

Under a formula proposed by the United States, the withdrawal of Cuban troops from Angola is to be linked with the independence of the neighboring territory of South-West Africa. South Africa administers the territory, which is also known as Namibia, in disregard of

South Africa, Angola and Cuba agreed in August that South-West Africa should begin its transition to independence on Nov. 1.

But some experts on southern Africa said they would not be surgola's representative at the United prised if the Pretoria government Nations; and Ricardo Alarcon de did not meet that deadline. The pace of Cuban troop with-

drawals is a more difficult problem than the overall time allowed for

Wayne Smith, former head of the U.S. interests section in Cuba, said Cuban officials told him this week that South Africa wanted 90 percent of the Cubans withdrawn in the first year.

By contrast, he said, the United States contends that about 75 percent should pull out in the first year, while Cuba and Angola beheve that 50 percent would be sufficient. But he said Cuba would be willing to move the remain troops north of the 13th parallel "so they would be far from the

Namibian frontier. U.S. officials say Cuba has about 50,000 troops in Angola supporting the Soviet-backed government.

ESCORTS & GUIDES

First Class Eccot / Guide Service, Tel 833 351-2278

RSI 351-2278
GENEVA ** ROYAL ** GENEVA **
*** VP + Boort + Service **
*** Tel 022 / 812 772 ****

AMSTERDAM JASMIN Scort Service
Tel 020-33033. The best in town
Credit conds occentral.

Credit cards accepted.

WISTERDAM APOLLO CLUB
Escort Service. Tel. (1207/66176 froe. 2 pst. 76, Apolloicon Amsterdam.



Conseil Régional Provence-Alpes Côte d'Azur



information: Conseil Régional Provence-Alpes-Côte d'Azur. 27, place Jules-Guesde 13481 MARSEILLE CEDEX 02. FRANCE Télex : CR PACA 430 313 F. Télécopie : 91 57 51 51

The Future is southward bound



Just call your toll-free number below and tell the operator which subscription period you prefer. You may pay by

credit card or we will invoice you or your company. If a toll-free number is not available in your country of residence or if you prefer to order by mail, just complete and mail the coupon below.

(Offer valid until December 2, 1988 for new subscribers only.)

Country/Currency		TOLL-FREE TELEPHONE NUMBER	12 months (+52 free issues)	ONE-YEAR SAVINGS	6 months + 26 free issues)	3 months (+ 13 free issues
Austrio	A. Sch.	0660 396	4,400	3,608	2,500	1,350
Belgium**	B.Fr.	(02) 218 45 43*	11,000	7,200	6,000	3,300
Denmark**	D.Kr.	0430 00 80	2700	1,304	1,500	830
Finland**	FA	(90) 60 30 30°	1,760	1,334	970	540
France	F.F.	05-436 436	1,500	1,230	830	455
Germany**	DM	0130 25 31	580	403	320	176
Gr. Britain	2		135	. 83		41
Greece**	Dr.	691 02 42***	23,500	23,820	13,250	7,300
reland	- EM		155	118	85	47
ltcily	Lire		360,000	295,200	200,000	110,000
Luxembourg	LFr.	49 49 60	11,000	7,200	6,000	3,300
Netherlands**	FL.	06-022 08 15	600	492	340	185
Norway ^{ee}	N.Kr.	(02) 41 34 89*	2,000	1,276	1,100	600
Portugal ^{ee}	Esc	(01) 80 71 23*	26,000	26,780	14,300	7,900
Spain**_	Plas	(91) 401 29 00°	31,000	21,780	17,000	9,400
Sweden**	SKr.	(08) 21 01 90°	2,000	1,276	1,100	600
Switzerland	S.Fr.	046 05 68 00	455	455	255	141
Roust of Europe, it	Africa.				T	
form. Fr. Afr., Middle East \$				Varies	260	145
Rest of Afr. Gulf St. Asia \$			620	by	340	190
Central/Latin America \$			540	country	295	160

in the following countries, you will pay only the cost of a local coll as a connecting charge: Belgium, Finlan Norway, Portugal, Spain and Sweden, (For all other listed tall-free numbers, the call is absolutely tree.) Pease ask your operator for details about hand delivery in these countries.

17-10-88

Herald Eribune. o: Subscription Manager, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neutily Carles

Tel.: [1] 46 37 93 61; telex: 612832; fax: 46 37 93 70. Please enter my subscription for:

My check is enclosed. ☐ Please charge my credit cord. ☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ Mostercard ☐ Visa



MERCENES

VLP ESCORT AGENCY
IDDAY THE MEMORY AGENCY
CHEQUES ACCEPTED

TELLIANDON

(01) 235 0069 Portman Escort Agency of Chillern Street London Wi Tel: 486 3724 or 486 1158 All sooier credit cards accepted KENSINGTON ESCORT SERVICE TOA Kestington Church St. W8 TEL: 937 9135 or 937 9135



ESCORTS & GUIDES **ESCORTS & GUIDES ESCORTS & GUIDES** **ZURBCH 558720°* Private Tourism Guide Service Credit Cards Accepted INTERFACES GENEVA " MELODIE * ESCORT SERVICE, Tel: 022/461 156 **NEW YORK** LOS ANGELES REGENCY U.K. CHRISEA ESCORT SERVICE. 51 Reauchoop Plaza, Landon SW3 Tal: 01-384 6513/2749 (4-12pm)

TEL: (0836) 274462 NORDIC FAIR ESCORTS creel. Montrollon Only. 212*928-215*6 erican Express accepted. LONDON BELGRAVIA

*ZURICH *CAROLINE* ESCORT SERVICE. 01 /252 61 74 * * Z U R I C H * * Top Second Service, Tel: 07/41 76 09

MESSEDORF - KOEN - ESSEN -Boon - Krafald - Duisberg - cod crea Corry's Escort & trayel Service. Credit cards, 24 hos. (27) 1/340084

Vienna Young Exact 83 33 71 FRANKFURT

FRANKFURT

FRANKFURT

FRAVE

SERVICE CALL: 06/49 74 01. AMSTRIDAM BERNADETTE ESCORI Servica, Nesther one, 24 hr., Service, Coldy) 2032/779 or (b) 20362833. ATHENS EXECUTIVE ESCORT AND Guido Servica, 7 dops to week, English spolen. Tel; 3641746 Athens LONDON CACHET INTERNATIONAL. First Class Service.
Tel: 01 229 9367. 448 60 38

ONDON CACHET INTERNATION/ Multilinguol VIP Excerts. Top mos from Asia & Europe, Tel; 289 (1739)

Herald Tribune.

Dukakis on the Ropes

the other night is perplexing. For days the word on the street had been that the Massachusetts governor was going to come out slugging that he was really going to take people talked about "the plan." If it in fact existed, then presumably the governor either clutched (one theory) or thought better of it (another) or for some third unspecified reason performed as routinely and stiffly as he did. But this is a perplexity which in no way prevents you from understanding a larger truth, which is that whatever did or didn't happen to "the plan" for Thursday night, Mr. Dukakis's problems during the debate proceeded from a couple of large, basic failings of his campaign, failings that can be described as strategic rather than tactical.

The first of these has been a misplaced insularity and smugness that appear to have caused him and his top aides to think that all you needed to do was say "George Bush" and everyone in the country would start laughing and hissing, but mainly laughing in Atlanta, after all, this is what happened; and, as was universally pointed out at the time, mere straight-faced utterance of the words was also guaranteed to make people laugh on the late-night talk shows and in other precincts where wisecracking, as distinct from vote-getting, has been raised to a high art. Mr. Bush, whose prep school idiom and often frenetic television manner never did reflect the whole man, got his revenge the other night.

The other strategic trap has been Governor Dukakis's apparent belief that he could win by getting the support of that legendary and perhaps chimerical group, "the Reagan Democrats," and that he could, in turn, achieve this by sort of dancing around the record. Thus he has given the absolute minimum of support or even acknowledgment to certain traditional liberal constituencies that are indispensable to a Democrat's success and responded to George Bush's more scurrilous attacks not with how-dare-you or you're-damn-right-I'm-for-that-and-I'lltell-you-why, but rather with retorts of Iam-not or that's-unfair and photo-ops of

himself surrounded by ever more flags. Thus again the other night the occasion cried out for Mr. Dukakis to stop reacting to the "charge" that he was a liberal, as if he had just been called a war criminal or a child molester, and step up to the challenge of defining what in the best terms that honorable word means. This he should have started doing months ago, as soon as the nature of the demagogic Republican attack-line became clear. But as of Thursday, the Democratic candidate was still treating it as a

In some ways, Michael Dukakis's rout libel. You had a feeling he might actually sue other night is perplexing. For days the George Bush has profited from both these miscalculations. He was able to upstage Mr. Dukakis personally the other night and evidently to take him by surprise. He has been George Bush on, that he had some devastating October surprises up his sleeve, etc. His people talked about "the plan." If it in fact parts. He was also able to make the Massachasetts governor look defensive and ansure. since Mr. Dukakis is so often at pains to explain that whatever he is for is not, God forbid, liberal and should in fact appeal to the very constituency the vice president has so successfully mobilized. We think the reason the Democratic candidate seemed so programmed, even strangled and subdued, may be that the very limitations of this strategy were choking him.

There are aspects of Governor Dukakis's liberalism, especially on social issues, that we like; and there are other aspects of it, especially on foreign policy and defense, that we do not. But we are truly convinced that he would be a much more persuasive and attractive candidate if be had risked an open. straightforward, aggressive avowal of and

argument for his authentic views.

Nothing in the foregoing sections, as they say in law, should be construed as approval of the vice president's ad hominem campaign strategy and tactics or as suggesting that Mr. Bush has himself been straightforward with the public. For just as the Massachusetts governor's supporters ask one to believe that he is not what he is, so Mr. Bush's ask one to believe that he is not at all happy with the meaner, rawer aspects of his own campaign. But our attention today is addressed to the way in which Governor Dukakis has let self be trapped by his opponent.

We do not, as you may have noticed, get into the so-called "likability" question here. We think it is a perversion of the real issue. This is emphatically not to say that the persona of the candidate is a trivial matter compared with his stands on policy, or that we think the race is between two conflicting sets of think-tank position papers. On the contrary, the individual candidate - his personal capacity to be president, which involves not just the worthiness of his views but also, and critically, his fidelity to them and his ability to get them legitimated by the American people — is key. The Dukakis people, down in the dumps after Thursday night's debate, point out bravely that Hubert Humphrey was as far down as their man at this point in 1968 and that he came up fast and nearly won it in November. True, Also true: Hubert Humphrey got his big last-weeks boost by finally and dramatically campaigning not as his earlier campaign contrivance, but as the man he really was.

- THE WASHINGTON POST.

Trade Medicine to Come

August. (Cheers.) But imports also set a new record in August. (Groans, lamentation, wringing of hands.) And the trade deficit, which is the difference between the two, has bounced back up again. As those import figures show, the great American consumption boom of the 1980s is still running strong. The United States is still spending about

\$120 billion a year more than it earns. That is better than last year's trade deficit, which was \$152 billion. That number. incidentally, is a little lower than the one you've been accustomed to seeing because the Commerce Department is changing its method of valuing imports. In the 1970s, protectionists got Congress to enact a requirement that inflated the value of imports: the idea was to panic the country into shutting out foreign competition. This sum-mer, in the Omnibus Trade Act, Congress deleted that ploy on grounds that the trade deficit is now quite large enough even when calculated accurately. The purpose of these statistics is, after all, not to spook people but rather to warn them of the bills that they are running up and that they, or their descendants, are going to have to pay.

The question now is whether, and how fast, the trade deficit is going to keep falling. The comparison of this year's performance to last year's is pretty hopeful. But you need to know that the whole improvement was in the months from the peak of the deficit last autumn to the middle of the spring. Since May it has been hard to see any real trend one way or the other. Perhaps one reason is that the exchange rate of the dollar has been rising. It would be unusual for trade to respond so quickly to the exchange rate. But it is possible that importers, badly squeezed by the earlier decline of the dollar, have rushed to take advantage of this pre-election rise during the summer.

To get the deficit down will require either a lower dollar or less spending by consumers. In reality, it will doubtless take a combination of the two. The Reagan era will be remembered for many things, some of them good and useful. But this reckless accumulation of foreign debt is certainly going to be high on the list. The next administration's approach to the trade deficit is an enigma. Since most voters don't want to hear about it, neither candidate has chosen to talk about specific remedies. But the monthly numbers say that it would be unwise to expect that this historic trade delicit will cure itself automatically, or painlessly.

- THE WASHINGTON POST.

Perestroika in Algeria

A week of deadly rioting against austerity measures in Algeria has shaken the complacency of a regime inclined to live on the myths of a revolutionary past. President Chadli Bendjedid has responded sensibly with a program of accelerated political and economic reforms. Americans and all others who value stability in this strategically situated country ought to root for the success of his attempts at perestroika, Algerian-style.

A generation ago, the National Liberation Front's victory over French colonialism in-spired the Third World. Under the front's one-party rule after independence in 1962. Algeria followed a state-run development model that managed to combine steady economic growth with a degree of social progress, including advances in the status of women. The front, for the most part, avoided the systematic repression that has discredited other one-party revolutionary regimes. With its revolutionary credentials and international respectability, Algeria became a useful diplomatic broker, as for example in the

1980-81 U.S.-Iran hostage negotiations. Lately, however, the front has run into trouble. Hydrocarbon exports, amounting to 97 percent of export revenues, provided \$13 billion as recently as 1985. Plunging oil

prices since then have cut this amount nearly in half, dragging down government revenues and living standards. The front's mythology also fell victim to the relentless demograph ics of the Third World. More than half of the present population is under 21 years old. Only a minority of today's Algerians have direct memories of the independence war. In two and a half decades the revolutionary vanguard has become the old regime.

To his credit, President Bendjedid, a pragmatist, saw crisis coming before it exploded on the streets. His previous efforts to loosen the hold of the ruling party on economic and political life produced a backlash in the front's old guard. Now he has upped his challenge to party critics by seeking a mandate to phase out one-party rule in a constitutional referendum set for Nov. 3.

His success is far from assured, and Islamic fundamentalists as well as party hardliners stand ready to exploit any missteps. 'Algeria's neighbors, which include Libya, Morocco, Tunisia, Spain, France and Italy, have their own reasons to worry about possible outcomes. Washington would be prudent to heed its allies' concerns. Colonel Bendjedid's reform program warrants U.S. support. - THE NEW YORK TIMES.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Charman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER

LEE W. HUEBNER, Publisher

JOHN VINOCUR. Exercise Editor • WALTER WELLS, Vens Editor • SAMUEL ABT, KATHERINE KNORR and CHARLES MITCHELMORE. Deput: Editors • CARL GEWIRTZ, Assertate Editor • ROBERT J. DONAHUE, Editor of the Editoral Pages • JAMES R. CRATE. Business Francial Editor RENÉ BONDY, Demin Publisher • ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers • FRANÇOIS DESMAISONS, Considered Director • ROLF D. KRANEPUHL, Advertising Sules Director • KOURDT HOWELL, Director, Information Systems

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France Tet.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612852; Editorial, 612718; Production, 630698. Directeur de la publication: Walter N. Thayer.

Editor for Asia: Michael Ruchardson, S Canaerbury Rd., Sangapore 0511. Tel. 72-7708. The RS56928
Managing Dir. Asia: Makohin Glenn, 50 Glouceuer Road, Hong Kong, Tel. 5-8010616. Telec: 61170
Managing Dir. U.K.: Robin MacKichan, 63 Lang Are, London W.C., Tel. 830-4802. Telec: 262009
Gen, Mg. W. Germany: W. Lauerbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel. (009) 726755. The 416721
Pres. U.S.: Michael Control, 850 Thard Are, New York, N.Y. 10022. Tel. (212) 732-3800. Telex: 42775
S.A. au capital de 1.200.000 F. RCS Nanterie B 732021126. Commussion Partiagre No. 61337
© 1988, International Heruld Tribune. All rights reserved. ISSN: 0294-8052.



OPINION

Deprive Us of 'The Enemy'? Sure, Go Right Ahead

WASHINGTON — "All politburo members are equal," explained the chief Soviet foreign policy spokesman, Gen-nadi Gerasimov, "though some of them may be more equal than others." Leave it to sophisticated Germadi to describe Mikhail Gorbachev's recent palace coup - in which Mr. Gorbachev and his allies came out "more equal" than the nefarious Ligachevites — with a knowing allusion to Orwell's

satire of Kremlin-style rule. An inside joke of a high order, deftly executed. Everyone agrees that something real is going on in the Soviet Union, but no one can define exactly what it is. Mr. Gerasimov's slickness, like Mr. Gorbachev's tailoring and Vladimir Posner's New York accent, gives the impression that Gorbachevism is mere sophistication of presentation. But note another Gerasimov nugget. Asked what Mr. Gorbachev and his fellow coup-makers want to accomplish, he mentioned food, goods and housing. He then added, "And we want to be a civilized nation."

Not many government spokesmen will admit that their nation is less than civilized. It is not clear whether the marks of civilization to which Mr. Gerasimov alludes are human rights, convertible currency or abundant soap, but none of these is to be found in the Soviet Union and it is clear that the resultant

By Charles Krauthammer

feelings of inadequacy, shame even, are driv-ing Mikhail Gorbachev and perestroika. In the '60s, Gorbo and Raisa took a long motor tour of Italy. Notes a Soviet scholar, Stephen Sestanovich, "Can you imagine what it's like to come home to Stavropol after a week in Tuscany?"

"Civilize" may thus be the wrong word for understanding Mr. Gorbachev. The key word is modernize. And modernization, it is now conceded everywhere, means a market economy and a pluralist or democratic polity. The market has provided the first solution ever to the problem of scarcity. And democracy has provided the first enduring solution since divine tight (of kings) theory to the problem of political legitimacy. Put another way, the great achievement of the West is not just its wealth but its stability.

cally is obvious to all. But perhaps more important, it has buried the East politically.
While the West has largely assuaged its class and national antagonisms (the most speciacular example of the latter being the looming integration of Europe), the Commonists are wracked with strikes and ethnic rioting (the most spectacular example of the latter being Yugoslavia and Armenia).

That the West has buried the East economi-

The great ideological transformation of our time is the recognition worldwide, from Chile to Poland to Korea to Russia, that modernization - working telephones, affordable meat, social peace — requires markets and some facsimile of democracy. And modern-

ization is Mr. Gorbachev's project. Should we then wish Mr. Gorbachev to succeed? I think yes. The more decentralized, more pluralist, more open — that is, the more like the West — the Soviet system becomes, the less likely it is to see its destiny in inevitable, irreducible conflict with the West.

We have had hints of that. Last July, Foreign Minister Eduard Shevardnadze declared that class conflict (i.e., the struggle against Western "imperialism") is no longer the guiding principle of Soviet foreign policy. That declaration acquired some retroactive credibility when Yegor Ligachev attacked it in a subsequent speech. It acquired more credibility when repeated by Vadim Medvedev in his maiden speech as chief ideologist.

Mr. Shevardnadze was not just playing Mr. Nice Guy. "The idea, which gained a firm hold in the minds and deeds of certain strategists, that the Soviet Union could be as strong as any possible coalition of states opposing it is absolutely groundless," he de-

clared. In other words: Rethinking the Cold War is mandatory because we are losing it. Over the long run and if followed up with action (such as cuts in military spending and in forward deployments in Eastern Europe), such talk holds out the possibility of a deideologized international arena. If Mr. Gorbachev's experiment continues long enough, the world of the 21st century could be more like that of the 20th like that of the 19th, a managed rivalry of great powers, than that of the 20th, an unmanageable clash of warring ideologies. It is a development to be welcomed. The 19th century, it is worth remembering, was infi-

nitely less bloody than ours.

At the Washington summit, Georgi Arbatov made his now famous threat: We are going to deprive you of The Enemy. But that is not a threat. It is a promise.

It would be the ultimate triumph of the Western strategy of containment, which in 1947 George Kennan predicated on the hope that the Soviet system, if contained long enough, might ultimately transform itself under the pressure of its own contradictions.

The mellowing of the Soviet Union would be the greatest victory for the West since V-J Day. It matters not a whit that the Cold War should end with a whimper instead of a bang. Deprive of us of The Enemy? Go ahead. Make my day.

Washington Post Writers Group.

Conservatives

May Not Enjoy

By Tom Bethell

WASHINGTON — I suspect that conservatives were both bappy

and relieved by the time it was over.

Michael Dukakis had not scored his

much needed "home run," George Bush had maintained his lead, perhaps

even increased it. With unaccustomed

decisiveness. Mr. Bush had rejected

further debates and therefore limited

Mr. Dukakis's future scoring opportu-nities. It seems probable that Mr. Bush

The vice president's debate perfor-

mance in Los Angeles Thursday night was a great improvement over his first outing in Winston-Salem, North Carolina. He was less flustered

and spoke mostly in sentences rather

than gobbled phrases. Mr. Dukakis

was, as always, the more finent per-

is headed for victory in November.

What Follows

In America's New Politics, Bush Can Only Win

By Flora Lewis

The election isn't over. But the second and, Vice President George Bush made clear, final confrontation of presidential candidates left Governor Michael Dukakis well short of

the breakthrough he needs.

As these shows go, Thursday night's was an improvement. Mr. Bush kept expressing his "respect" for the governor as a family man, a man of ethics and so on, switching gears from crude attacks on his patriotism and falsely alleged indulg for criminals. But Mr. Dukakis was still defensive, wondering repeatedly which George Bush was the real one.

The questions were intelligently devised to probe the central issue on voters' minds — not really what measures a new president would push, but: What kind of men are these? What is in their gut? What makes them react? Which one would you be more comfortable with on your living room screen for the next four years? Perhaps we have to resign ourselves

to this as the new TV democracy. The medium doesn't lend itself to untanghing complex issues. There is no way, it seems, to bring candidates to a House of Commons type argument on how they would carry into practice the generalities they splash about.

WASHINGTON — Has an American political campaign ever been so divorced from the

realities confronting the country? That was the

question that came to mind as I watched the second debate between George Bush and Michael Dukakis.

The prime reality that threatens is economic. Henry Kaufman, the Wall Street seer, summed it up

as follows in an article for The New York Times

Magazine: "Whoever is sworn in as the 41st presi-

dent will have to deal with economic problems more

complex and more potentially treacherous than any

The problems are no secret. Among them are a

huge federal budget deficit, a trade deficit that

remains high despite a falling dollar, an enormous accumulated debt to the rest of the world. To those

Mr. Kaufman added the growing crisis of bank-

rupt savings and loan associations, which may cost

Vice President Bush was asked a number of

questions on Thursday about how he would move toward a balanced budget. His answers added up

to: Go on with essentially the policies of the

Reagan administration - the ones that have

A "flexible freeze" in the budget would do the trick, Mr. Bush said. He would never raise taxes. What new weapons systems would he drop to cut

the ballooning defense budget? He could not name

one in the Pentagon's long list, mentioning only a military truck added by Congress.

brought America to the edge of disaster.

taxpayers \$100 billion in bailouts.

seen since the time of Franklin D. Roosevelt."

understood this. They let him say a good deal of nonsense about defense. which is going to be a matter of mak-ing hard choices that were put off ing eight years of pretending that throwing money at weapons systems answers the problem of security. He in effect echoed former Defense Secre-

The voters are getting what they seem to want.

tary Caspar Weinberger. When the latter was asked in 1981 what his strategic priorities would be, he just said "more of everything," and he built up a budget with no inherent logic.

"My secretary of defense will have difficult decisions," Mr. Bush said, as though no one should expect the

president to carry the burden. He also said that "only the U.S. can stand for freedom and democracy, you can't turn it over to multinational organizations." Did he forget about America's alliances? Does he really want to go it alone? Doubtless no. but the assumption is that it doesn't matter what the words are if the message seems sincere and reassuring.

Mr. Dukakis tried manfully to turn

the talk back to the real world, pointing out that economic and military security cannot be separated and that a president has to be ready to decide. But when he recited the names of weapons systems, which must have sounded like some kind of arcade game to most viewers, he showed that he has hold of the jargon without

projecting a guiding vision.
Mr. Dukakis didn't come across as someone who could rally the nation, console it when tragedies come, inspire it to do its best. His mechanistic answer to the deeply personal question of his response to a hypothetical rape and murder of his wife was seriously damaging. Again, doubtless no, he would not think first of drug edu-cation programs, but he let himself sound like a governing robot, not a flesh and blood president.

Not that Mr. Bush did better on the rousing leadership score. But he didn't have to. He can run on "Don't rock the boat" and "Don't fix it if you don't think it's broken."

This leads back to the primaries. Would the Democrats be doing better with a different candidate? Some say no, you can't beat the promise of "peace and prosperity" with ominous

scandal, reliance on gaffes. (And Mr. Bush did make another one. Pressing his insinuating attack on the Ameri-can Civil Liberties Union, surely a prime example of the constitutional "values" he claims to uphold, he said, "I have enormous differences with the ACLU, with their gender, their

left-wing political agenda.")
Some Democrats say yes, perhaps
New York's Mario Cuomo would have made their theme of attending to America's needs, providing more than individual self-interest to give the society healthy coherence, more lifelike and appealing. Evidently, the televi-sion and computer age doesn't make expertise the dominant factor; it adds to yearning for the human dimension.

It's a wonder that "liberal" has become such a dirty word. Perhaps Mr. Dukakis didn't know how to assert the social conscience and pride of community that it can offer. He only noted wryly how often Mr. Bush slugged it at him, for him to duck. Whatever you may think of Ron-

ald Reagan's legacy, and I for one find some grave faults in it, it has focused Americans' attention on how they feel, not what they think the country should do. This then is the new politics. The handlers are giving the voters what they seem to want.

former, and he conveyed the impression that he is the more knowledgeable of the two candidates. But this may not have helped him.

cars, but he was as unforthcoming as Mr. Bush when

it came to cutting domestic programs. And some

Budget figures seem abstract. But these are not

technical matters to be left to experts. We are talking

- or rather we should be talking - about the

The economy that dominated the postwar world

has begun to slip in the competition of what is now a

genuinely international market. Indeed, America

seems unable to compete with Japan or the other

rising Asian countries in high-technology products.

The American semiconductor industry has slumped,

America does not make video cassette recorders. It

is unprepared for what will be a big market in a new product, high-definition television.

foreign investors to put money into American indus-

try, and so they own more and more of it. America's

schools, the key to economic competitiveness as well as to a civilized culture, are a disgrace.

We have heard some of this from Mr. Dukakis — in between his unnecessarily defensive attempts to

deal with attacks on his patriotism and his liberal

view of human issues. But it is hard for a challenger

to warn about an oncoming national crisis. If he does, he will be charged with knocking the country.

Illusion is more comfortable than reality. Or so American voters feel, judging by the polls. The deluge can wait until after Jan. 20.

The New York Times.

Investment is so low that the country relies on .

will have to be cut, entitlements among them.

economic future of the United States.

Mr. Dukakis's problem is that his philosophy — essentially, unlimited government disguised as the search for

pragmatism and competence — is popular enough in Massachusetts to get him elected governor, but (probably) unpopular enough in the country as a whole to ensure his defeat as presidential candidate. If he thought otherwise, he would have "labeled" Mr. Bush a conservative by now. I'm in Mr. Dukakis's corner on "likability" — a phony issue if there ever was one. Yes, Mr. Bush is probably the more likable. But since when did qual-

ifications for the presidency include winning a congeniality contest? Ronald Reagan is the personification of congeniality, but has this made him a better president? Many conservatives think it has been his great weakness. He has often seemed driven by a desire to stay popular, his policies sometimes undermined by a desire to do whatever is needed to get good press. The press should be deploring, not encouraging, this new ethic of niceness.

The Soviets no doubt also find the vice president likable -- and to their liking, judging by the number of times he brought up arms control as the sine qua non of foreign policy. Soviet publications have been neutral in their comments on this year's election, but I would be surprised if they are not quietly rooting for Mr. Bush. The big item on next year's foreign policy agenda will be a continuation of the strategic arms reduction talks, possibly culminating in a 50 percent reduction in the U.S. nuclear arsenal. (This will be accompanied by a promised Soviet reduction of comparable size.) With his relative immunity from right-wing criticism, Mr. Bush is far more likely than Mr. Dukakis to

be able to complete such a deal.

Conservatives are now confident about November but not at all confident about a Bush presidency. Three achievements that will keep conservatives happy are a deployed strategic defense, the appointment of pro-life judges and no new taxes. Mr. Bush has wallled on SDI and promised "no litmus tests" on judges. On taxes, Mr. Dukakis was right to point out that the Reagan administration has raised taxes as often as it has cut them.

The writer, Washington editor of the American Spectator, contributed this comment to the Los Angeles Times.

Liberals Don't Campaign Well Outside the Fold By David S. Broder

The Budget and Military Realities Are Irrelevant

By Anthony Lewis

The separation from reality in those answers is hair-raising. Consider Pentagon spending.

The Congressional Budget Office has just re-

ported that the weapons programs already planned

and approved for the next five years would need a

4 percent annual increase in military spending

above inflation. That would add between \$175

billion and \$250 billion to a level military budget.

There is no chance whatever of that kind of rise

the Reagan administration and Congress agreed

this year to keep military spending level, with

increases only for inflation. So even to keep within present budget limits it will be necessary to cut

from \$175 billion to \$250 billion from the Penta-

gon in the next five years. That has to mean

be reduced, Pentagon spending cannot even stay at its present level. It is now 6.1 percent of gross national product. Mr. Kaufman said it should

gradually stabilize at around 4 percent of GNP."

That is a staggering political task — to reduce the military's share of the economy by a third. No

viewer got a hint of such realities from Mr. Bush's easy talk of "competitive strategies" in the develop-

ment of new strategic systems. Mr. Dukakis said he would not spend "billions and trillions" on "star

wars" and would not put MX missiles on railroad

In fact, if the national budget deficit is going to

ropping several new weapons systems.

T OS ANGELES - Two years ago this month, John Sasso, the able political handler of Michael Dukakis, was sitting at lunch in Boston's venerable Locke Ober restaurant, running down the pluses and minuses of

the governor of Massachusetts. Mr. Sasso talked about Mr. Dukakis's growing national reputation as an innovative state executive who was dealing with the challenges of a chang-ing economy and finding "consensus" solutions to such nagging problems as job retraining and welfare reform.

a possible presidential candidacy by

Such an approach, he said, could translate to the national level. But there were real questions, he conceded, whether Mr. Dukakis could compete effectively against other Democratic contenders while holding down his job as governor. And no one could judge in advance, he said, how voters across the country would react to the name "Dukakis" or the notion of having a second-generation Greek immigrant's son with a Jewish wife as the president and first lady.

This reporter suggested that there might be another problem, bigger than any of those. With so much of the Democratic Party leadership saying it needed to look southward and a bit rightward to regain the support of lost Reagan Democrats, the largest barrier might be the label "Massachusetts liberal Democrat." Mr. Sasso demurred. Ideology was

the Democrats who were running state governments all across the land. That has proved true in one sense and fatally wrong in another. Mr. Du-

kakis is mainstream in his program proposals. Those he has put forward on college loans, housing and health care are likely to be passed by a Democratic Congress in the next four years. Most would be signed by George Bush if he became president, with the same enthusiasm President Reagan showed recently in signing a welfare reform bill which also bore the imprint of Mr. Dukakis's thinking. They are creative solutions to real problems. But at the level of symbols and

values. Mr. Bush has effectively made the case that Mr. Dukakis is outside the mainstream. That, as much as the vice president's winning personality displayed in the final debate Thursday night, is why he stands on the verge of victory in the 1988 presidential race. By this year, Mr. Sasso knew that

the Republicans would try to paint Mr. Dukakis in alien colors on the emotional issues of God, flag and country. After Mr. Dukakis cinched the nomination, but before the Democratic convention, at a time when smugness pervaded the Dukakis headquarters in Boston, Mr. Sasso told me he was afraid "there are hard times

- Ross K. Baker in the Los Angeles Times.

Impeccable Numbers Don't Charm the Audience

THE policy experts who hover around Democratic candidates would serve them better if they could come up with some good jokes and fewer mindnumbing statistics. A candidate from the party out of power needs extraordinary characteristics to mount a challenge in times of peace and at least arguable prosperity. Outstanding human qualities and an ability to strike some responsive chord deep in the souls of Americans and to link up with them spiritually are more important than meticulous policy analysis. If the Democrats should have learned anything from Ronald Reagan, it is that American voters are more likely to be wooed and won by the candidate who charms them a little more than by the one who gives them impeccable data.

not a big problem, he said, and Mr. coming." He was right, but he was in nating system, as the senator Dukakis was very much in the mold of exile for his mistake of judgment on ered when he tried in 1976. the "Biden tapes" incident.

By the time he was recalled, the Bush campaign had done a number on Mr. Dukakis, using symbolic issues such as his veto of a Pledge of Allegiance bill, his prison furlough pro-gram and his membership in the American Civil Liberties Union to drive a wedge between him and most voters. The Dukakis campaign's failure to anticipate or answer that attack may well have cost the Democrats ear best chance of winning.
Why was Mr. Dukakis so vulnera-

ble to such an attack? There are at least three reasons. First, he is genu-inely uncomfortable showing private emotions on the public stage. A man who shows not the flicker of shock or anger at a truly brutal question about the hypothetical rape and murder of his wife is not a man who can convey the feelings he undoubtedly has about flag, country or Creator. Second, on some values questions

he is in fact outside the mainstream. The political culture of Massachusetts is as far left of center as the political culture of Mr. Reagan's circle of wealthy Californians is to the right. The difference is that Mr. Reagan always has known that he had to defend his world view, while Mr. Dukakis seemed sublimely confident that people would just accept his as correct. That has come across to people as arrogant, and they may not be wrong. Finally, the Democratic Party's

nominating process encourages the tendencies of candidates such as Mr. Dukakis to give full vent to their liberal impulses and values while understating or concealing the conservative

instincts that they may possess.

Few Democratic politicians would deny that the ticket would be stronger if Lloyd Bentsen of Texas were on top and Mr. Dukakis were his run-

ning mate. But the party's Bentsens cannot compete in the current nominating system, as the senator discov-

Except for Jimmy Carter, the Deanocrats have a history of nominating liberal candidates who come from liberal states, where the Republican opposition is weak. The Hubert Humphreys, Walter Mondales and Michael Dukakises are skilled in playing to the liberal constituencies inside their own party. They are vulnerable to value-based attacks from conservarive Republicans. That is why the Democrats have so many unhappy autumn days while other Americans are enjoying the World Series.

The Washington Post,

100, 75 AND 50 YEARS AGO

1888: Cane With a Lift

PARIS - A new style of cane, which will be largely sought after by the dude element up town, has been put on the market and is having a rapid sale. From the handle, for a distance of several inches, the interior of the cane is hollow, the lining being of porcelain. A gill and a half of whiskey or brandy can be poured into it, and a little rubber tube, artfully concealed, enables the possessor to sip or draw the contents at his leisure. It is particularly useful for that class of individuals who insist on going out be-tween the acts at the theatres.

1913: Sulzer Convicted

NEW YORK - Mr. William Subser. the impeached Governor of the State of New York, was found guilty by the Impeachment Court this afternoon [Oct. 16] by a vote of 39 to 18. The Court found him guilty of filing a false statement of campaign contributions and also of penjury.

1938: U.S. Air Plans Set WASHINGTON - Radically altering its air defense policy in the light of new European developments, the War Department plans to carry out President Roosevelt's suggestions regarding the standardization and mass production of airplanes, it was

learned today [Oct. 16]. The Army will develop new types of experimental fast ships matching anything turned out in Europe. Emphasis will be shifted from the formidable "flying fortress" type to light, fast craft which can be used with ground troops. A special tax to pay the cost of the increased armaments was advocated by Bernard Baruch, the President's financial and economic adviser, who has declared that Nazi aggressiveness is now threatening America. Mr. Baruch denied charges made against him in German newspapers that he was a "war monger." and warned that Germany, Japan and Italy were trying to get a foot-hold in the Western Hemisphere.

the other words. Rethinking the first manufactors because we are being the long run and if followed my seems have rule in military specific. from the long run and a commend of the forward deplete specific in basein by said the possibility of the following seek talk helds out the possibility of a seek half helds out the possibility of the land o conflors, it is north remembering any money free because than our comments of the beatings of the comment from the part of the Erem for the free fit would be the from the fit would be the fit of the fit would be the fit of th Mentell rieblich is einem annings off. Western accuracy is contamined white that the Sawer section of contamined in the last the sawer section of contamined in the sawer section of contamined in the sawer section of that the source of the source The mediana of the Sentell monate

It smallers make a many on a second warder and with a school per produce of a bag bag safe many. The bactery is a stream Makemic A 180 contract to the category Group. Conservation May Not Em mr. Presupe

the frence of the following and make a man and

to mention and is when that the Cold Rate

भिन्न भारती 🖫 Makinia at f **AND**, he same gender their 35 to 171 to 1 POST BYTE

the America By Tom Bethel W ASSENCTION - Lane and the me is the sea had not see Mirrolline (The man of the contract of the 重理(2011) 1845 in a manufactured he being **医医生产** mw ' ___ te Buzi bule 5087 HONOLD CO. M. C. Takes and therefore State of Labor.

The state of the s MINISTRACT (5**V**) (2) (5.10) (3) (7) (3) Contract of the Contract of Name . At urles ∏e The second Sec. 200-201 \$1: \(\)___ A Land Company the second second The water with 🗠 🥶 🕹 अस्तर अन्य तालत 🌬 and the second second to a the more bay 100 ة كالأراث الله الله dracht. That is 2000 200 Violation 1 4, 5, 1, 10,735,77

rang batan da a

1 6 2 2 2 2

del

VII 50 YF (RS 160) ± 1μ. Δ

Airlifted Food Makes Its Tortuous Way to Victims of Famine and War in Sudan By Jane Perlez In Abyci alone 10,000 civilians, most of them Dinka refugees from the war in New York Times Service ABYEI, Sudan - A 10-year-old girl. so feeble from malnutrition that she walked with the faltering steps of an old

woman, was helped into the feeding cen-It was a great effort for the girl, Ag-wok, to sit down in the gray dust and

await her turn. Eventually, a high-protein biscuit was unwrapped in front of the emaciated Dinka girl. From somewhere she found the strength to cup her hands and receive

Agwok's pale-yellow biscuit, from which she took slow bites, was among the first relief supplies to arrive last week by airlift in this remote front-line town in

Sudan's war-ravaged south.
The delivery of grain by the Agency for International Development and of spe-cial food and medical supplies for children by UNICEF was the beginning of what aid officials described as a continuing airlift into eight Sudanese towns where there have been thousands of deaths from starvation because of the widening civil war and famine. the surrounding area, have died of starvation since the beginning of the year, said the commanding Sudanese Army officer, Abbas Sadiq.

In some ways, the airlift touched down too late for Abyei, a town on the border of the southern war zone. The worst had already happened.

There were no signs Friday of children under 2 years old among the 600 mal-nourished, mostly naked youngsters. "Actually they are dead," said Dr. Ta-

ban Nelson, a physician with the Sudanese Red Cresent, who arrived from Khartoum with the first shipment of food. "We were told there was an outbreak of measles and they died in July." The children who received extra ra-

Many children were too weak to walk from their huts to the feeding center, Dr. Neison said.

tions on Friday from UNICEF were the

At the opening of a conical thatched hut about half a mile (800 meters) from the feeding center, a mother said that she was too sick to take her starving child for the morning rations. The adults, most of them women had not yet seen any of the 90 tons of grain

The 90 tons of emergency grain was being stored by the local council in a jail near the feeding center. It was not clear what was holding up the distribution.

that had arrived in three sirplanes chartered by the aid agency. The bags were being stored by the local council in the jail near the feeding center. It was not clear what was holding up

new horizons because they can no longer survive in the steadily con-

tracting economy. Statistics sup-

port the perception that life in Nio-

aragua is more difficult than it has

running at several thousand per-

cent, and prices have shot up dra-

matically as a result of economic

austerity measures imposed in Feb-

Sabotage Ruling

(Continued from Page 1)

pit to incapacitate the four-man

Mr. Zaidi ruled out the possibili-

ty of an outside attack by a missile or the physical incapacitation of the pilot or the co-pilot. A hijack-

ing attempt or an act of suicide by

someone on board were also dis-

Commodore Mirza said in the

report, "The only possibility is that

it is a criminal act of highly sophis-

some people have been interrogat-

ZIA:

counted.

ticated sabotage.

The inflation rate this year is

Officials of the aid agency in Khar-tourn have said they plan to send members of the Sudanese Relief and Rehabilitation Commission to Abyei to ensure that the food is equitably given out.

stark evidence of continuing starvation in the village, there were well-nourished Young boys from the Nuer tribe were

carrying freshly caught fish. All the Nuer tribesmen were herding cattle on the fringe of the village.
Prosperous-looking Moslem merchants and soldiers were selling food at exorbitant prices in the forlorn market-

place. A can of grain was selling for 15 times the usual market price.
It was the Dinka, who had come from the surrounding countryside, fleeing the militia armed by the government, who had suffered most of the deaths and the

continuing starvation, aid workers said. The Dinka, also a cattle-owning people, have been the main victims in a civil war between the northern-based and islamic-dominated government and the

Southern People's Liberation Army, a

mostly Christian and animist group that

recruits mainly from the Dinka, diplomats and aid workers say. A foreign diplomat said that of a population of two million, "hundreds of thousands of Dinka have died from starvation But amid the fields of graves and the and killing" since the civil war began five years ago. In Abyei, Dinka civilians are automati-

cally considered rebel sympathizers by the local representatives of the Khartoum government, foreign aid officials said. The Dinka of Abyei are the victims of northern discrimination," said Cole P.

Dodge, the representative of UNICEF in Sudan, who flew into the village Friday. "They are the victims of a war, who get displaced into a hostile tribal region where there is traditional rivalry over water and grazing rights," he said. "So their treatment even in normal times would not be expected to be very good, and in times of war where the SPLA had done most of its recruiting from the Din-kas, they are immediately suspect."

Among the Dinka refugees in the village, there were few men. The men, aid workers said, had probably joined the guerrillas or gone north to Khartoum.



NICARAGUA: The Misery Deepens, Despite Peace RESIGN:

(Continued from Page 1) bloc, which has been Nicaragua's main source of financing in the last decade, shows no interest in increasing its aid. In September, Nicaragua's three-

year campaign to win leadership of the grouping of nations calling themselves the Nonaligned Movement failed when Yugoslavia, which had not sought the post, was

Sandinista leaders say economic and military aggression from the United States is principally responsible for the country's deepening problems. The United States obscrves a trade embargo on Nicaragua and has been the principal supporter of the contras, whose attacks have inflicted hundreds of millions

of dollars in damage since 1982. It has also encouraged its allies abroad to deny loans and other forms of assistance to Nicaragna.

Critics of the Sandinistas, however, say the reason for the conntry's economic collapse is a system that discourages private enterprise. They say there can be no recovery until the government abolishes agencies that set prices and control food production and distribution.

President Daniel Ortega Saave-dra acknowledged recently that the condition of Nicaragua was "highly critical," but said most citizens did not blame his government. "People understand that the war is the main factor," Mr. Ortega

Many doctors are among those who have given up trying to cope with the increasing difficulty of life in Nicaragua. They have either quit

medicine to take up more lucrative work as market vendors, or have left the country, often accepting mental tobs already of the accepting most say they are forced to seek (Continued from Page 1) menial jobs abroad.

At the Bertha Calderón women's hospital in Managua, 22 of the 39 gynecologists who were on the staff two years ago have resigned. Others went on strike briefly in August, seeking better wages, but returned when the minister of health warned that if they persisted, they would be replaced by personnel brought from Cuba.

Doctors are not the only professionals who are steadily leaving Nicaragua. The country's principal association of construction contractors estimates that of the 750 engineers who were working here in 1985, only 220 remain.

In border areas, residents report that groups of peasants regularly slip across into Costa Rica and Honduras. In many towns, a day rarely passes without news of another family that has departed. Even Nicaraguan sports heroes are leaving to try their luck else-

where; among the most recent is the baseball star Ernesto López, last year's home run champion. The educational system has been devastated by the desertion of large numbers of teachers, whose salaries

barely reach subsistence levels. "Most Nicaraguan schoolchildren are being taught by teen-agers who are hardly educated themselves," said Hortensia Rivas, a longtime teacher who helped organize a strike of teachers against the deposed Somoza dictatorship 18

years ago. Although some of those who

sevic and his demands have drawn thousands of supporters and suc-ceeded in forcing the resignation of the entire provincial leadership of Vojvodina earlier this mouth.

Since then, however, leaders in both Kosovo and the neighboring republic of Montenegro have reected demands from Serbia that they resign, and Mr. Milosevic has been sharply criticized by Communist party leaders.

On Thursday, the federal party president, Stipe Suvar, who represents the republic of Croatia, said Serbians were "clamoring for their hero," Mr. Milosevic, "to be made a strongman in charge of the whole country, like Tito."

By charging that Mr. Milosevic was seeking to take over the country, Mr. Suvar was articulating the fears of republican leaders in Croatia and Slovenia.

The Slovene party leader, Milan Kucan, has persistently attacked Mr. Milanopric in second attacked Mr. Milan Mr. Milosevic in recent days. On Wednesday and on Saturday, he accused the Serbian leader of "manipulating the miseries of people," through demagogic appeals to nationalist feeling. "It's high time to sober up and stop the madness that is driving us all to ruin," he said.

Mr. Zaidi said it was premature to lay responsibility on anyone. No Most diplomats and Yugoslav arrests have been made, although politicians say they doubt that Mr. over the entire country, and some General Zia, who seized power in of his supporters say he would be 1977, ruled this Moslem country of 104 million people with a firm hand Vojvodina and Kosovo. for 11 years. (AFP, Reuters, AP)

DUKAKIS: Aides Set an 'All Out' Push in 17 States Protestant Group

(Continued from Page 1) doubts about Mr. Bush that have faded last since the Republican National Convention in August. For Mr. Dukskis to do any of these things, he first must keep voters interested in the campaign, de-

spite the attractions of fall sports, including the World Series. Although almost every poll after the final debate pointed to a Bush

victory, the Dukakis campaign field director, Charlie Baker, said he had found no "dampening of enthusiasm" in a subsequent round

was entering the last leg of the vised Republicans not to pop champagne corks 100 early becau

ing for the values he believes in. He said Mr. Bush, as vice president, "sat on the sidelines for eight years while America got beaten in world markets, while they mortgaged our children's future to a mountain of debt, and a piece of America was

basement prices. Mr. Bush scoffed at reports sug-Milosevic could establish control gesting he had already decided on knows who I'm talking about." most of his prospective cabinet. "I am not going to do something

content with gaining control over that dumb and shift gears," he said. don't want somebody from Har-the leadership and institutions of "And yet, should I win, it would be vard telling me what I can do and a matter of preent priority. I'd want what I can't do."

To counter that danger, said Mr. Dach, the Dukakis communications director, the governor will re-turn to the economic issues on which he prefers to campaign.

Many of the key states identified by the Dukakis aides have been closely contested. But Mr. Dukakis's position is clearly precarious, for any sign of a trend to Mr. Bush Governor Neil Goldschmidt,

could start an avalanche. Democrat of Oregon, said: "Duka-kis is at least even and probably a bit ahead here, but given our history, it would be amazing if we went for the Democrat while the country was voting Republican. If it looks

BUSH: He Rules Out Being Lulled

(Continued from page 1) acknowledged in Boston that he

campaign as an underdog, but ad-

being sold off every day at bargain

to be ready to move early on the priorities that I've established." He said "there is not one scintilla of overconfidence" that he has all but won the election. At his first news conference in

more than two weeks. Mr. Bush said his election should drive interest rates down, contended that the Iran-contra affair was behind him, and took aim at a familiar target, Harvard University.

Mr. Dukakis is a Harvard graduate, and Mr. Bush, a Yale graduate of Yale, has in the past accused his rival of having a "Harvard Yard boutione mentality." "There's an elite inside the elite

there," he said. "And everyone Campaigning Saturday in Modesto, California, Mr. Bush said, "I

been set. It is going to be very difficult to change them." writing off Mr. Dukakis's chances.

turn out."

flawless."

Despite Mr. Bush's history as a

candidate who lapses into self-in-

duced problems when he is in the lead, few Republican leaders seem

worried about that happening this

time. "I really don't see any major

risks," said Governor James R.

Thompson, Republican of Illinois.

His campaign has been damn near

There is sharp division between

those Republicans who argue for

continuing the hard-hitting and ap-

Dukakis until Election Day and

those who say Mr. Bush's effective-

ness as president, if he is elected, will depend on his switching soon

But those disputes are minor

compared with the problems facing

Mr. Dukakis if he tries to heed all

the conflicting advice he is getting

from fellow Democrats, many of

whom are dismayed by the course

of his campaign. Representative Robert G. Torri-

celli, Democrat of New Jersey, said

publicly what many Democrats

have said privately: "You only get

introduced to the American people

once, and perceptions have now

to a more positive message.

rently effective attacks on Mr.

Claims Revenge of calls to state coordinators leading a Dukakis field staff of 3,000. When the staff of the coordinators is a state coordinators leading and possible to staff of the coordinators leading and possible to state the coordinators leading and the coordinators leading a people will get discouraged and not Killing in Belfast

BELFAST - The military wing of the Ulster Defense Association, Northern Ireland's largest Protestant paramilitary group, claimed responsibility Sunday for the slaying over the weekend of one of the association's senior figures. One other person was killed and four

were wounded during the attack. The outlawed loyalist group, the Ulster Freedom Fighters, said it had "executed" the Ulster Defense Association leader, Jimmy Craig, who was killed when two gunmen entered a Belfast bar, forced customers to the ground and opened

A 68-year-old retired person was also killed and four persons were wounded, one of them critically.

The Ulster Freedom Fighters' statement said that Mr. Craig had conspired with the Irish Republican Army to kill the the Ulster Defense Association's second in command, John McMichael, who died when a bomb exploded under his car last year,

Mr. Craig had been acquitted of involvement in the extortion rackets that form the largest source of income for guerrilla organizations in the province.

The shooting brought to 84 the number of people killed this year in sectarian and political violence. More than 2,700 have been killed Interviews suggested that most since the IRA began a campaign in Democratic officials are not yet 1969 to end British rule in Northsince the IRA began a campaign in ern Ireland.



WAS RUNNING LATE **BUTIFIBOUGHTIT** ON THE PLANE SHE'D THROW IT AT ME. 99

Susannah can smell a duty free perfume a mile off. She says it makes her feel like an afterthought.

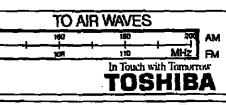
So this time I made sure my offering was shop bought and gift wrapped. But for some reason, she seemed unimpressed.

'I nearly missed the plane getting you that' I protested loudly. 'If checking out of the Marriott hadn't been so fast, I would have?

Susannah gave me a hug. 'I'm not interested in perfume, silly. I'm just really happy you found the time to think of me.'

INTERNATIONAL HERALD TRIBUNE, MONDAY, OCTOBER 17, 1988 13.00 47.15 44.55 47.75 77.75 12.75 12.75 12.75 12.75 12.75 12.75 12.75 12.55 4.05 24.30 4.05 101.55 77.55 7.577.4867.1291.1391.1395.6577.4579.4579.4579.4579.5471.4598.777.444.6577.447.457.457.547.457.457.457 **Weekly International Bond Prices** Provided by Credit Suisse First Boston Securities, London, Tel.: 01 323 11 30 Prices may vary according to market conditions and other factors. Dollar Straights 102% 107% 91% 91% 99% 94.050 97% 97% 98% 100% 97 9.41 +106 9.21 +89 9.25 +78 9.42 +67 9 7% 8 8 8/2 9% 97% 91% 102% 101% 104% 1109 111% 116 68% 95% 94% 102% 95% 95% 10 73 102% 11 95 108% 11 95 108% 11 95 108% 12 93 95% 13 93 100 113 93 100 113 93 100 113 93 100 113 90 100 114 90 100 13 95 95% 13 95 95% 11 96 96 95% 11 97 97% 11 9 **DM Straights** ECU Straights Şcandinavla Yid Cur Con Met Price Met Yid 9814, 10275, 10274, 10274, 10275, 102 Aeson Be C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B F C E B R P Bee Nar Doi Lu Co C F C N A C N T Tro B ColorieColorieCrufolie SALVITY SA Amira Bank Assinos Audi Fin Ny Aush' Control Austr' Control B F C E C E P M E C E P M E C E P M E C N A C N E Jon C N T C N T C C N T C C N T C C N T Françe \$594.40 \$175.44 \$175.4 $\begin{array}{c} \textbf{89} & \textbf{10} \\ \textbf{10} \\$ Bld Ask Mutual 9.61 11.64 10.44 2.77 2.71 13.75 2.71 13.75 2.71 13.75 2.46 2.90 2.48 Georg 12,8 13,97 Globi p 14,19 77,90 Groline 11,14 12,20 Hapath W.& 71,24 Hilling p 14,26 71,30 Haydil W.& 71,24 Hilling p 14,26 71,30 Hilling p 12,26 71,30 Hilling p 12,26 71,30 Hilling p 12,26 71,30 Hilling p 12,30 Hilling p 12,30 Hilling p 12,30 Hilling p 12,30 Hilling p 13,30 Hilling p 12,30 Hilling p 1 Discovery of the state of the s United Kingdom 9.16 +135 10.16 +137 9.75 +145 9.24 +57 9.30 +53 9.51 +57 9.57 +138 9.31 +57 10.17 +188 9.48 +144 9.77 +152 9.83 n.c. **Funds** 10145 10255 9745 9745 8744 9444 9444 95 10444 10444 134 10% 90 10% 95 9% 95 7% 97 7% 97 7% 92 11% 97 11% 97 11% 97 11% 98 11% 98 11% 98 11% 98 11% 98 11% 98 Gobon Variant Addition Variant Addition Variant Addition Variant Varia 15.44 15.46 18.46 inco Social p Social ds: 12.28 12.53 12 Denmerk Denmer E D F E **United States** A T & T Activa Life Betwest C C C E Compbeli Compbeli Compbeli Compbeli Compser Fin Chicorp Coca-Cola Colgode-Pol Contact Ford Motor Ford Mo 10.06 P. 59 P. 50 1.39 14.39 14.39 16.39 1 8.90 9.34 9.37 10.06 9.37 10.06 12.09 NL 16.15 NL 16.16 NL 17.24 NL 16.39 NL 16.39 11.12 16.30 11.12 ##5: 11.75 951 10.05 11.14 10.05 11.14 10.05 11.14 10.05 11.14 10.05 11.15 1.17 11.15 1.17 11.16 1.17 11.16 1.17 16.05 10.79 8.27 10.06 11.07 9.63 9.96 13.44 11.06 11.41 p 15.57 16.28 cross 11.90 20.04 17.92 19.57 10.27 10.27 10.27 10.27 10.27 NL. 20.37 NL. 20.37 NL. 10.30 NL. 11.30 Yen Straights 11:55 10.30 7.45 10.19 7.45 7.40 10.09 10.78 10.00 10.78 10.00 10.78 10.73 11.27 10.10 10.40 10.84 11.38 10.57 11.40 10.84 10.13 14.96 16.73 14.96 16.73 14.96 16.73 14.96 16.73 14.96 16.73 14.96 16.73 14.96 16.73 14.96 16.73 1200 1254 1028 11.08 8.72 9.40 11.58 12.49 9.43 10.17 10.59 10.59 11.72 14.74 9.51 12.77 7.57 8.26 12.97 13.01 13.00 14.02 0.10 6.58 9.11 9.56 Edition Global Growin G Gwithing Figure Person AACTIFE CONTROL OF PRINCIPLE TO CONTROL OF PRINCIPLE CONTROL OF PRINCIPL 10.28 NL 10.24 NL 10.25 NL 10.27 NL 10. **DM Zero Coupons** Dollar Zero Coupens Fixed Income and Equities Trading -9-31 9.96 8-77 9.46 13-53 14-51 13-53 14-51 13-53 6.34 19-10 11.00 11.00 11.00 17-39 7.59 19-22 9.20 19-23 9.20 19-23 9.20 10-35 11-35 10-35 11-35 10-35 11-35 10-35 NL 10-36 NL 12-35 12-35 10-36 NL 12-35 12-35 19-36 10-36 19-36 10-36 19-36 10-36 19-36 10-36 for dealing prices call: Westdautsche Landesbank, Head Office, P.O. Box 1128, 4000 Düsseldorf 1 International Bond Trading and Sales: Telephone (211) 8 26 3122/8 26 37 41 Telex 8 581 881/8 581 882 stdeutsche Landesbank, 51, Moorgate, London EC2R 6AE/UK none (1) 638 6141. Telex 887 984. Telefax (1) 374 8546 International S.A., 32 - 34, boulevard Grande-Duchesse Charlotte the Landesbank, BA Tower, 36th Floor, 12 Harcourt Road Hang Kong. Telephone (5) 8 42 02 88, Telex 75142 HX ds: 17.00 NL 13.51 NL 7.51 NL 17.51 NL 17.51 NL 17.51 79.51 79.51 79.51 79.51 79.51 79.51 79.51 79.51 79.51 NL 12.71 NL 12.71 NL 12.71 NL One of the leading Marketmakers Westdeutsche Landesbank

Herald Eribune. BUSINESS/FINANCE



EUROBONDS

The Dollar Turns Down: **But How Far This Time?**

By CARL GEWIRTZ

ARIS - The dollar was on the move again last week, and with no sign of central bank intervention, the question weighing on financial markets was how far it would fall before the banks stepped in and whether they would be able to half the retreat.

In New York, the dollar ended the week at 1.8055 Dentsche marks, down 3.3 percent, and at 126.55 year for a decline of 5.4

For many analysts, the decline was long overdue and brings the dollar into a trading range that central banks should find more comfortable and more compatible with the still large U.S. trade

"I always felt the Bundesbank wanted a range of 1.80 to 1.90 to the dollar," a Frankfurt dealer said. A Tokyo dealer said that The momentum of

the decline took

some analysts

by surprise.

"a range of 125 to 135 yen is quite comfortable for the U.S. and Japanese authorities." Chartists were a bit more

ECT Straight

Yen Straigh

: 3n .

ب د.ند و.

cantions. "From a technical perspective, the dollar's slide isn't over yet," said Steven Blitz at Salomon Brothers Inc.

in New York. He sees the dollar edging further down to 125 yen and to at least 1.78 DM, possibly 1.75 DM.

"A break below those levels — 125 yen and 1.75 DM — would turn this market from a technical retracement of the dollar's gain

this year to a market that would likely see the dollar return to its historic low against these currencies. "Given the oversold level of the dollar," added Mr. Blitz, "my feeling is that the dollar is not going to break through those critical levels."

The dollar's slide began in earnest after Satoshi Sumita, governor of the Bank of Japan, the central bank, commented on the market's new bearish sentiment for the dollar. At the time, the dollar was trading at around 131 yen. It subsequently weakened further as Japanese institutional investors, who reportedly were big buyers of dollar securities over the summer months, rushed to cover their currency exposure by selling dollars.

UT RICHARD KOO, an economist for Nomura Research, noted that the dollar had begun to ease prior to Mr. Sumita's remark. "The initial trigger was the decline in the price of oil. When oil falls, you can expect the dollar to fall." He said there was no evidence of dumping of dollars since there was no sell-off on the New York stock or bond markets. Nevertheless, analysts said they were surprised by the momen-

tom of the dollar's very rapid slide. Mr. Koo said that the foreign exchange market had now entered a chicken-or-egg phase, where potential buyers of dollars hold back waiting to see at what level the rate stabilizes while

stabilizing the rate becomes more difficult if there are no buyers. This standoff can only be exacerbated by the latest economic data coming out of the United States. Flat industrial production last month coupled with a 0.4 percent decline in retail sales. evidence of unwanted inventory accumulation in the auto indus-try and the previous week's weaker-than-expected rise in employment, signal little likelihood that U.S. interest rates will be

increased between now and year-end.

This is good news for the U.S. bond market, but not such good news for foreign, particularly Japanese investors, whose gains on nising bond prices are likely to be wiped out by currency losses. declining interest fates, making the dollar a less attractive vehicle for foreign investors.

For dollar-based investors, the bond market's prospects are bright. Indeed, though the new-issue calendar in the Eurobond market remained relatively light last week, Liberty Mutual Capital and Mercedes-Benz had no problem finding investors. Both raised \$150 million. Liberty Mutual's five-year notes were priced at 43 basis points, nearly half a percentage point above comparably dated U.S. government paper, and ended the week yielding 37 basis points over the benchmark level.

Mercedes was also well received; launched at 35 basis points over the benchmark yield, the four-year notes ended the week trading at 28 basis points over U.S. Treasuries.

Swedish Export Credit's \$100 million issue fared less well, as two-year notes offer less potential capital gain if rates decline and the initial pricing, at 40 basis points over the benchmark level, was considered a bit stingy.

Probably the best measure of continuing interest in dollar securities was the international placement of 5.1 million shares of the Luxembourg-based holding company Safra Republic Holdings. The shares were priced a week earlier than had been expected thanks to the heavy demand, which exceeded \$1 billion, lead manager Shearson Lehman Brothers reported.

The shares, which had been indicated at a price of \$53.50 to \$57.50, were offered at \$57. This will give the public a 17.4 See BONDS, Page 12

Currency Rates

Carrescy Per s
Pin, mortida 4,372
Greek draz, 148,45
Hoos Komp 3 7,374
Indiam rupee 14,55
India, rupee 14,55
Isroell shale, 1,0
Kuwaili Sibau* 0,234
Malov, ring.* 2,525

Closings in Landon. Tokyo and Zurich, Rohas in other cent a: Commercial franc; b: To buy one pound; c: To buy one quoted; N.A.: not gyalloble.

Other Bellar Values

New York roles unless marked " (local rate.)

Asian Car Industry Is Sought

ASEAN Ministers To Hold Talks

Agence France-Presse PATTAYA, Thailand - Noncommunist Southeast Asia will try to make concrete moves toward creating a regional auto industry, at a conference of economic ministers to be held here this week, senior officials said over the weekend.

The idea is to make auto parts produced in the countries interchangeable, said Bajr Israsena, permanent secretary of the That Commerce Ministry.

Economic ministers of the Association of Southeast Asian Nations, or ASEAN, are to meet at this beach resort Monday through

Building an automobile industry is seen as a crucial hurdle on the path to industrialization for ASEAN, which groups Brunei, In-donesia, Malaysia, the Philippines, Singapore and Thailand.

The brand of the auto parts would be Mitsubishi of Japan, which is already involved in ven-tures in Thailand, Malaysia and the Philippines.

These three countries would make different parts for Mitsubi-shi. Officials said that this would be a first step in regional anto cooper-ation, adding that ASEAN is not yet ready to work together in producing a whole car.

Thailand joined Malaysia in the world car market in January, when the Thai-assembled Mitsubishi Lancer compact, being sold in North America by Chrylser Corp., were shipped to Canada.

MMC Sittipol, the Thai manufacturer, reportedly hopes to sell 100,000 cars in Canada over the next six years.

DALLAS — The Federal Home Loan Bank Board has Malaysia is having trouble keep-ing up sales volume for its Proton agreed to its sixth billion dollar rescue of insolvent Texas Saga cars and would benefit from savings institutions this year. larger economies of scale, with tariffs slashed for imports and sales within ASEAN, Mr. Bajr said. A Texas cable entrepreneur. Don A. Adam, agreed Friday to acquire 11 ailing savings in-

The Philippines is expected to export nearly \$15 million worth of car parts this year, the amount is expected to rise to \$24 million in 1989.

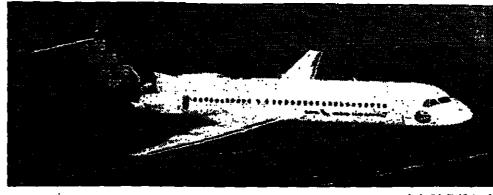
ASEAN sources said Indonesia, which wants to push its own carparts industry, was blocking a memorandum that would bind Thailand, Malaysia and the Philippines in a complementation program.

The matter was discussed at meetings of senior officials Friday and Saturday, which paved the way for the ASEAN economic ministers' meeting, the 20th since the regional organization was founded in 1967.

■ China Sales Assessed

Lee A. Iacocca, chairman of Chrysler Corp., predicted in Beijing that China would soon break into the world car market, Reuters

\$50 billion. Other estimates "In the near future the Chinese range as high as \$100 billion. auto industry will be selling over-seas. I want to see Chrysler be part The Federal savings agency retained partial ownership of of that too," Mr. Iacocca told Chiall the recapitalized institunese business people in a lecture. tions and expects to share in But he said that China had to future profits. improve quality to compete.



Fokker is talking with United Airlines about the sale of 100 F-100, twin-engine passenger planes.

Fokker Says United May Buy F-100s

the Dutch aircraft maker, is negotiating to sell as many as 100 F-100

twin-engined passenger planes to
United Airlines, a spokesman for
the Dutch company said Saturday.
He said Fokker is talking with
United about taking 50 of the
short-haul jets, which have at least 100 seats, with an option to buy enother 50 planes. But, he added, we expect them to make a decision at the beginning of next year, at the

The Amsterdam daily De Volkskrant reported Saturday that the potential value of the deal is about 2.5 billion guilders (\$1.2 bil-

Fokker is also negotiating with other companies, the spokesman said, but the possible sale to United is the company's largest current prospect. United is thought to want to put the new planes in service in the early 1990s, he added.

Disclosure of the talks with United comes at a crucial time for Fokker. It was reported Friday that In July, it was announced that

Takeover Set

Of 11 Ailing

Texas Thrifts

New York Times Service

stitutions with an estimated

\$1.3 billion in aid to be provid-

ed over the next 10 years from

Insurance Corp., an agency of the bank board.

The agency, which insures deposits up to \$100,000 at U.S.

savings institutions, has now

pledged \$14.4 billion for merg-

ers involving 53 institutions in

Overall, more than \$21 bil-

lion in aid has been committed to recapitalize 114 insolvent

thrifts in the industry this

M. Danny Wall, chairman of the bank board, has esti-mated the total cost of clean-

ing up the industry's troubled

institutions at \$45 billion to

Texas since last May.

AMSTERDAM — Fokker NV, merchant bank to raise 300 million to butch aircraft maker, is negoting milders of new capital through a rights issue is in jeopardy, unless its two new models. The company's financial troubles stem from development and production problems

> from the government after midday Wednesday, the spokesman said.

Company representatives are to meet the Dutch minister of eco-nomic affairs, Rudolf de Korte, to discuss the issue Tuesday. The parliamentary Committee for Eco-nomic Affairs is then to meet with the minister on Wednesday morning to hear his views and debate the matter, a government spokesman

Last month, it was announced that Fokker had finalized a deal with Wardair Canada Inc. to supply up to 24 F-100 planes - there were firm orders for 16 planes and options on 8 others — with delivery set to start in late 1990.

ANNANDALE-ON-HUD-SON, New York — The Baker Plan

for sustained growth in debtor

countries is faltering, but no viable

replacement for it has yet emerged,

according to Paul A. Volcker, the

former Federal Reserve Board

"The Baker Plan is obviously sputtering." Mr. Volcker said at a conference on debt on Saturday, "but most governments in Latin

America have not felt that they had

The current initiative, intro-

duced three years ago by former

U.S. Treasury Secretary James A.

ing to help debtors pursue private

Mr. Volcker noted in his speech

that though Brazil was tempted to

break away from the Baker ap-

proach by temporarily suspending

interest payments to banks in February 1987, it found that it lost

more external financing than it

Wolfensohn Corp., presented a se-

ries of three criteria on which to

judge the likely success of new debt

• He said he was suspicious if

the schemes involved large

amounts of public money or guar-

antees because the U.S. Congress

He expressed concern with so-

New proposals should encour-

has no will to undertake them.

"cascading writedown of debt."

Mr. Volcker, currently chairman

of the investment firm James D. port earnings.

saved by the moratorium.

proposals:

sector investment and growth.

a better alternative course."

Braniff Inc. of the United States had ordered 12 of the F-100s. Fokker has more than 200 orders and options for the F-100, one of

related to the plane and the F-50, a ■ New Chief of Airbus Board The French and West German

partners in Airbus Industrie have agreed to appoint Hanns Arnt Vo-, management board chairman Messerschmitt-Boelkow-Blohm GmbH, as the chairman of the consortium's supervisory board, according to the news magazine Spiegel. Reuters reported from

Mr. Vogel would succeed the Bavarian premier, Franz-Josef Strauss, who died Oct. 3. France and West Germany have 12 out of 17 seats on the supervisory board of Airbus. MBB is the parent company of Deutsche Airbus GmbH, the West German arm of the fournation aircraft group.

Baker Plan Faltering, Says Volcker

Paul A. Volcker

age constructive economic policies

gard, Mr. Volcker noted that in the last five years, most Latin Ameri-

can countries had made more pro-

gress towards fundamental eco-

the post-World War II period.

nomic reform than at any time in

The 33-nation Latin American

and Caribbean foreign debt now

totals more than \$420 billion, and

debt servicing absorbs more than 42 percent of the region's total ex-

In answer to questions, Mr. Volcker said that while he did not

wish to condone writedown of

principal, international banks were

in a better financial shape now than

in 1982, when the debt crisis broke.

Senator Daniel Moynihan, Democrat of New York, told the confer-

ence that the next U.S. president

could use the surpluses in the So-

debt and cut the federal deficit.

Baker 3d, advocated renewed lend- in borrowing countries. In this re-

lutions that carried the risk of a cial Security trust funds to retire

EC Set to Back Aid to Finsider; **Opposition Seen**

BRUSSELS - The European Commission will propose allowing Italy to grant substantial subsidies to save its loss-making state-owned steel company, Finsider SpA, EC sources said Sunday, in a move likely to anger other European steel

body of the European Community, has been examining an Italian government plan to restructure the company. The body is expected to submit its proposals to a meeting of EC industry ministers next Friday. The community sources did not

give details of the proposals, but said that the subsidy package would be tied to concessions by Italy over the restructuring plan. The commission would justify its

proposal on the grounds that a healthy Italian steel industry was in the community's overall interest. the sources said. However, they said that they ex-

pected protests from other EC members, such as West Germany, which have already pushed through painful restructuring programs for their industries. EC rules do not allow operating

and investment aid to the steel industry, and the commission's proposal that an exception be made for Finsider will require unanimous approval by ministers. Finsider, for Societa Finanziaria

retire privately held debt, which

would translate into an increase in

savings," Mr. Moynihan said. In 1983, the United States

changed the financing of social se-

curity, establishing a revenue

stream to save for the retirement of

the so-called Baby Boom genera-

Mr. Moynihan said that between

now and the year 2019, the surplus

going into the trust fund would

total \$3.23 trillion. Aiready, the

funds are rising at the rate of \$109

million a day, and that rate will

reach \$1 billion a week by next

used to disguise the deficit," said

Mr. Moynihan, who is running for

re-election. "This year's deficit is

"Right now this surplus is being

Siderurgica, is 99.5 percent owned by the Italian state holding group, Istituto per la Recostruzione In-

dustriale. Finsider recorded a loss of 1.68 trillion lire (\$1.24 billion) last year and is heavily indebted. Italy has proposed liquidating Finsider and transferring its healthiest operations to a new operating company called Ilva. The op-eration would require cash injec-The commission, the executive

tions of up to \$4 billion. The European Commission launched an investigation into suspected illegal state aid to the company in May, before the Italian government put forward its re-structuring plan. The probe was extended after the state holding group said that it would guarantee all Finsider's debts.

The commission had argued that it considered short-term lending to the ailing steel company by the Italian company to be illegal hidden subsidies aimed at covering opcrating losses.

In spite of its huge debt burden and poor operating results. Finsider substantially increased its short-term borrowings early in 1988, the commission said in May. It noted that in normal circumstances, a company in Finsider's position would be unable to obtain such loans without state guaran-

Friday's meeting of industry ministers in Athens is informal and no final decisions on the Finsider plan are expected.

As part of the restructuring effort, Finsider announced in August that it was putting up five steel plants for auction and asked its parent to find buyers for a steelproducts subsidiary.

Klöckner Pins Blame

DUISBURG, West Germany -Losses sustained by Klöckner & Co. from forward contracts in oil were largely due to defaults by other oil traders, according to the chairman of the company's supervisory board, who said the losses may be less than originally feared.

that is with a surplus of \$52 billion in Social Security funds. "A \$200 billion deficit is structural now." Earlier, Mr. Moynihan said that the deficit takes 24 percent of the revenue from personal income tax-

es to pay the debt service of the money borrowed in the 1980s.

Debt service is now larger than the deficit and growing he said. About \$20 billion of the interest

"The problem facing the next president is that a debtor nation

does not have its way in the world." The United States has to keep

borrowing abroad and that requires substantial cooperation from other countries, especially Jaoan, said Mr. Moynihan. The net investment rate, or in-

vestment minus depreciation, in the 1970s was about 9 percent of net national product, but it dropped in the 1980s to about 6 percent. But since the United States is running a current-account

On Others

Peter Ludwig told reporters after

\$163 billion," he pointed out, and a six-hour extraordinary meeting Saturday that a large part of the losses occurred because "certain partners in the crude oil business could not punctually honor their payment obligations." He gave no

Mr. Ludwig added that a smaller portion of the losses came from Klöckner's own-account trading. and the extent of these losses was dependent on future oil prices. These risks are under control." Mr. Ludwig said of the losses sus-

tained from internal trading, adding that those losses would burden the company less than was original-He declined to give details of the group's oil forward contracts or

discuss consequences arising from Mr. Ludwig said the supervisory board had "well-founded hopes"

that the trading group's losses from oil dealing would be lower than the 600 million Deutsche marks (\$332.3 million) to 700 million DM originally feared.
Klöckner first revealed its poten-

tial losses last Wednesday. Herald International Eribun

\$9.6 billion, up from \$7.6 billion in surplus with Washington can have

Yen 1407*1 12993 1427*1 221.50 18.635 126.55 4.5700*1 A Finance Ministry official, who

Oct 14

28-day 68-day 98-day 12065 12086 12100 15263 15219 15160

Currentry Per 1
Mext page 2290,00
N. Zandend 5 1,5072
Nile, active 4,1233
Norw, Bruss 6,7275
Phil. page 6,7275
Phil. page 11,145
Payl. asCode 149,85
Seedi riyute 3,7304
Sing. 1 2225
S. Ker. won 70,79

ures this year, the governme in the value of the won. "A country's economic capacity

The dollar, worth about 716 won a week ago, fixed on Saturday at 708.8 won, which was the highest

gainst the dollar so far this year, compared with 8.72 percent for all of 1987.

international markets and our growing surplus, a higher won is inevitable," a senior central bank official said. "It is only a matter of a senior central bank time before the 700 barrier is shat-

the won's substantial appreciation this year, the country would be less vulnerable to criticism for operating an undervalued currency. Deputy Prime Minister Rha

Woong Bae, Seoul's chief economic planner, told ministers and ruling party officials on Friday that the

cy will be further accelerated in the months to come. "Exporters will suffer tremen-

donsly from the continued rise," an official with the Korea Foreign Trade Association said. He said that coupled with in-

creased wages, the projected sharp appreciation of the won would erode competitiveness of their goods in foreign markets.

only a limited effect until U.S. goods become more attractive pur-

■ Soviet Trade Ties Set The Soviet Union hopes to ex-

change trade missions with South Korea soon to foster direct trade between the two countries, according to a senior Soviet trade official, Reuters reported from Seoul.

Vladmir Golanov, vice chairman of the Soviet Chamber of Trade and Industry, told reporters as he left Seoul on Sunday that the two countries had agreed to seek economic cooperation.

"We agreed that a resident trade mission should be set up soon to realize economic cooperation." said Mr. Golanov, winding up a six-day visit at the invitation of the Korea Trade Promotion Corp.

The Soviet Union and South Ko-Exporters also argue that gov-rea on Saturday exchanged memo enument efforts to reduce Seoul's randa to promote direct trade

Estimates Rise Agence France-Presse

PARIS - A French re-The Institute for Economic and Financial Forecasting for

ess Growth, known as IPECODE, said Saturday the revisions were due to the burst in business activity in early summer, the effects of lower oil prices, and a recovery in the dollar expected in 1989.

French Growth

"A new president should use it to

search institute has revised its forecast for growth in the French economy, raising it to 3.8 percent in real terms this year from 3.1 percent, and to 3.1 percent in 1989, from 2

Last month, the government raised its forecast for growth in 1989 to 2.6 percent, from

deficit of up to 4 percent, real domestically owned investment has declined to only 2 percent of net national product.

Now Printed in New York For Same Day Service in Key American Cities. To subscribe call us toll-free in the U.S.:

1-800-882 2884.

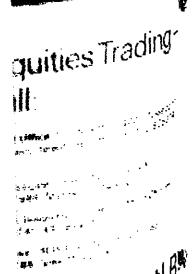
(In New York, call: 212-752 3890.)

Or write: International Herald Tribune, 850 Third Avenue, New York, N.Y. 10022. Or Telex: 427175. Or Fax: 212-755 8785.

INTERNATIONAL POSITIONS You will find below a listing of job positions published

last Thursday under the rubric International Positions. TITLE SALARY **EMPLOYER** MARKET ANALYST U.S. Chemical Company. MERGER & ACQUISITIONS LIFE SCIENCES Monsanto Europe S.A. MANAGER ENGLISH LANGUAGE Lutheran World Federation. EDITOR DEAN OF THE UNIVERSITY The American University of Paris. CORRESPONDENTS Cohners Publishing Co.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric. please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neutilly Cedex, France. Tel: (1) 46.27.93.81. Telea: 613595



garden in the second

Sources: (adassez Bonk (Brussels); Banco Commerciale Halland (Milan); Baneve Nationale de Paris (Poris); Bank of Tokyo (Takyo); IMF (SDR); BAII (dinar, rivol, dirhom); Gesbank (ruble), Other data from Reviers and AP. **Last Week's Markets**

All figures are as of close of trading Friday

<u> </u>						time before the 700 barrier is shat-
						tered."
Stock in	dexes	•	-	Money Rates		To the surprise of many econom-
United States	Oct. 14	Oct.7	Ch'se	United States Oct. 14	Oct.7	ic planners, who are pessimistic be-
DJ Indus.	2133.16	2.150.25	—0.79 %	Discount rafe 6V2	6/2	cause of last spring's turbulent la-
DJ UHL	183.50	187.47	-2.12%	Federal funds rate 8 1/16	B 13/16	
DJ Trans.	916.57	929.06	-1,34%	Prime role 70.00	10.00	bor disputes, the country's current-
5 & P 100	259.40	261.74	-082 %	Jopas		account surplus for 1988 now looks
S & P 500	275.50		-092%	Discount 292	21/2	like it will exceed \$11 billion, com-
5 & P Ind	316,70	319,37	—0 <i>7</i> 7%	Call money 3 15/16	45/76	pared with a record \$9.8 billion last
NYSE CP	155,45	153.57 ·	+123%	3-month Interbank 44	4%	year. The original forecast was for
British .				West Germany	7/8	
FTSE 100	1,340,68	1,844.70 -	-0.22%			\$7 billion.
FT 30	1,494,00	1,490,40	+ 0.24 %	Lombard 5.00	500	Economists and government of-
Jupon				Call money 475	425 5.15	ficials say the yawning current-ac-
	7304.57	2725327	÷ 0.18 %	3-month Interbonk 5.05	7.13	count surplus will prompt still
West Carmony	_ _			Be The State Control of the St		tougher U.S. calls for Seoul to open
	1.602.20	1.93220	+ 1.26 %	Sank base rate 12.00	12.00	
Hony Kong				Coll money 17 15/76	72,00	its markets more widely and to al-
Hone Sene	2.573.00	247837 ·	+440%	3-month interbank 12 1/16	12.00	low the won to rise more rapidly.
World				<u>getd</u> Oct.14 Oct.7	Chips	South Korea's trade surplus with
	- CR.50	4530	+ 329 %	London p.m. fix.5 407.60 403.90	+0.92%	the United States last year totaled

Korean Trade Surplus Pushes Won Higher

SEOUL - The soaring South Korean trade surplus is forcing a daily revaluation of its currency, and a central bank official said the psychologically important barrier of 700 won to the dollar could be

asked not to be named, said over the weekend that due to betterthan expected current account fig-ures this year, the government would continue the steady increase

should be reflected in its currency, said the official. The Bank of Korea has raised the won every day for the past week.

value for the South Korean currency since Feb. 2, 1982. The won has risen 11.8 percent

"With the dollar's recent falls on

The bank official said that, after

won must be adjusted to reflect "its Businessmen in South Korea fear the appreciation of the curren-

ELDEMANSSON - THE GLOBETRADER® The international trading house active in

> consumer goods. Subsidiaries in Barcelona, Basel, Beijing, Bumbay, Buenos Aires, Copenhagen, Orammen, Geneva, Hamburg, Helsinki, Hong Kong, Jakarta, London, Melbourne, Milan, New York, Paris, Sao Paulo, Singapore, and Tokyo. Sales agents in 110 countries.

pulp, paper, machinery, chemicals, timber,

building material & steel, textiles, foodstuffs,

Tel: +46 31 85 60 00. Fax: +46 31 12 67 35, Telex 2530

Första Länggatan 17, S-413 80 Göteborg, Sweden Elof Hansson STATES OF THE ST

.12 .3 f 200 48.5 .050 J .14 .4 .36 1.3 .48 .3.1 .12 1.7 .14 1.2 .046 .20 .20 .28

.128 25 25 22 27 .126 1.5 1,00 44

.40 1.50

NASDAO National Market

Boy'ye Bo

CBAT F
CCAT F
CC

BBST S
BBST S
BBSS N Y
BSS N Y
BSS

2.3 1.6 3.8

3.2

20 1.6 48 3.8 .081 3.8 .40 3.8 .200 2.0 .22 4.8 1.05 12.9

.88 49 24 34 120e15.5 120 4.0 .52 2.5 .24 1.8 .27 2.1 1.1 .72o 2.1 .72o 2.1

.10b 1.50 1.72 2.90a .68 .08e .66 1.06 .88 3.6 .84 .44b .258

.20 2.9 .12e .8 .30e 3.2 .32e 2.8

.16 .32

Amislar Amisla

1.80 2.4 1.25 5.1 720 5.2 260 1.0

.58 .24 1.76 .13

1,12 1,00 1,96 ,76

1,34 4.2 ,94 1.2 2.10 14.2 ,40 16.8 2.25c ,440 2.5 ,30c 2.0 1.06 3.8 ,38c 5.4

1.68e 2.6 .20 1.7 .40b 1.7 .20 .3

.60₂ 2.8 .05c 1.8 .10c 2.2 .08c 2.1 .50 4.5

.04e .2 .80 7.3 1.80 3.2 .70 4.7 1.16 4.1 .20 4.0 .20 3.0 .24 5.2

.36 1.28 1.00 1.68 .16

.40 4.1 .72 5.3 .44 23 .45 1.3 .28 1.9 .66 .4 .15 .8 .40 29 .65 1.3 .12 1.3 .20 1.1 .44 2.9 .40 5.0 .44 2.9 .40 5.0 .44 2.9 .40 5.0 .44 2.9 .40 2.0 .44 2.9 .40 2.0 .44 2.9 .45 3.0 .46 3.0 .4 .30 2.7 .60 3.2 1.36 4.9 .52 3.1

| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 COABIN A COABIN A COARD TO COARD THE COARD TO COARD TO COARD THE COARD TO COARD THE CO 1.52 7.3 2.46 53.3 1.554013 2.16059.6 1.00 2.6 1.00 2.6 1.00 2.6 1.00 2.9 1.24 4.3 50 2.9 1.12 2.7 1.04 4.9

Darfix Da 10年,17年7年,17 .01e 28 ## 14 ## 54 % 54 20 32 22 22 .10e .36

EA Eng Age of the Age 20 32 1.40 26 1.52 9.3 .13e 2.6 .48 2.7

GAK SV GA 425 373 6 7 % 8 6 7 % 1

14位数4 11位数42 11位数2 11位数2 11位数2 11位数4位数2 11位数4 1 .32 .10 .10 꿃 46 25 25 25 27 ## ## ##

FMMSA: A STATE OF THE STATE OF

.52 ,92

20 1.4 87 7 86 A 1.680 3.0 80 1.4 30 1.0 66 2.3

1,00 4.5 A0 17 1,20 5.5 A1 2.4

2.1 3.8

CO CDS CRITTER STATE OF THE STA 1,16 5.7 72 2.7 740 46 1.52 49 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 1.00 4 ## 1976 # # # 1986 # 19

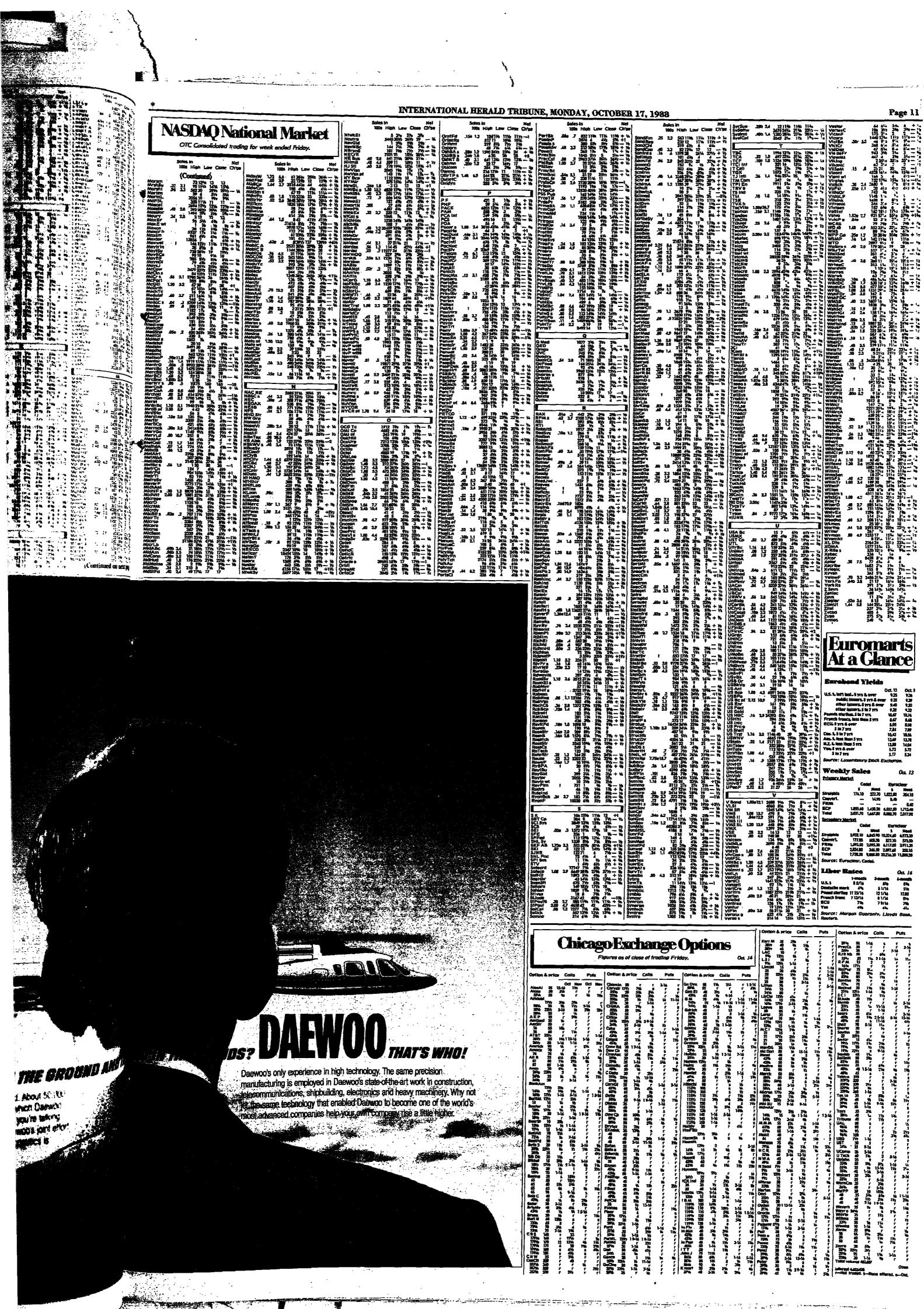
MARC
MASS
MCI MDT Cp
MI Hom
MAIN
MCI MANN
MPSI
MANN
MPSI
MSCOT
MSS
MOTIMA
MACHTC
MOSIMP
MOSIM

.15 1.40 , 44 .21e .10e .20 1.20 .75b .16

.16 .20 .44 .77 .18

At Daewoo the level of high technology is very high indeed. About 50,000 feet if you consider the cruising altitude of the jet fighter for which Daewoo the critical center section. And not that much lower if you're talking

fuselage work Daewoo has done on 747s and Daewoo's joint effort



tory authorities and, in any event

in the bank's decision to tap the

A spokesman for the Commis-

sion Bancaire was also noncommi-

tal. She refused to say directly that

the funds are considered Tier 1

money, but noted that the Credit

Lyonnais issue was virtually identi-

cal to the non-cumulative preferred

shares that U.S. banks count as

It is generally believed that the

sified as Tier I, but competitors of

the bank and Merrill Lynch are

desperate to identify the purchas-

ers of the notes in order to see the

documents that spell out under

what conditions interest payments

say, for the funds to qualify as Tier

I capital the bank must be able to

later date, and with noteholders

having no recourse to sue for the

Is the wording in the Credit Ly-

onnais documents that stringent?

No one who knows is willing to

disclose the details. On the other

hand, why would Credit Lyonnais,

which has a triple-A rating, pay

investors 1.05 percentage points

rate when it could issue subordinat-

ed debt in the Euromarket at a fraction of that cost, unless the high

losing their interest?

market.

Tier 1 capital.

lost interest

Questions Remain on Issue by Crédit Lyonnais

By Carl Gewirtz

al Herald Tribune PARIS - Of all the financings in the international bond and credit markets last week, one by Credit Lyonnais stands out as the most interesting, although the details on it are sketchy.

A public announcement from the state-owned bank said it had issued \$350 million of subordinated perpetual capital notes on which interest payments could be suspended. If interest is not paid on a regular basis, it does not accumnlate. The interest, which would only

ments counted as capital," the francs.

NYSE Most Actives

| 145072 | 1346 | 145072 | 1346 | 145072 | 1346 | 145072 | 1346 | 145072 | 1346 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 145072 | 14

NYSE Sales

NYSE Diaries

bank said, "these notes are in a category closest to equity."

The transaction is significant because it permits the French bank to diversify its capital base into a currency other than the franc. This ing its capital without having to ask move will help limit the disruptive its shareholders for additional impact floating exchange rates can have on the bank's measures of capital adequacy.

Loans extended in dollars in 1981, when the dollar was worth 5.4 the government's 100 percent ownfrancs, ate up almost twice as much ership capital in 1985, when the dollar was worth more than 10 francs. With Poulenc, the structure of the transpart of the bank's capital now also be paid for the first 15 years anydenominated in dollars, violent counting procedures that are
way, is 1.05 percentage point over changes in exchange rates will be inherent in the complicated formusified as Tier I, but competitors of the London interbank offered rate.

matched by value changes in its la developed by Merrill Lynch,

"Among the financial instrucapital base as expressed in French which arranged the issue.

BONDS: The Dollar Turns Down (Continued from first finance page) avoid the interest withholding tax percent stake in the holding company. Republic New York will hold appear to be the only ones buying

mark Eurobonds. The four issued last week all ended trading outside 49 percent and Edmond J. Safra, principal shareholder of Republic New York, will hold the remainder. the fees paid to underwriters. The Euroguilder market, with By contrast, the equity-linked ofhigher yields and a currency closely ferings from Japanese issuers drew tied to the mark, is considered a only lukewarm support, with only Bridgestone and Kobe Steel ending better attraction than the mark; and the European Currency Unit, with still higher interest rates, conthe week trading above the offer tinues to attract investors from Despite the dollar's weakness,

there was no evidence of a run into The World Bank tapped both the marks or yen. Frankfurt dealers said their market had a good tone guilder sector and opened the and that turnover was increasing. Swedish krona market. With a con-Foreign investors buying marks pon of 10½ percent, the krona continue to prefer either the short- bonds join the Canadian, Austrabonds join the Canadian, Austraterm deposit market or purchases lian and New Zealand dollar secof more liquid domestic paper. tors as high-coupon markets ap-Domestic investors, seeking to pealing to retail investors.

AMEX Most Actives

AMEX Sales

AMEX Digries

Wall Street Review

Also noteworthy is the fact that Crédit Lyonnais, using a formula of funds was a question for regulaintroduced by state-owned Rhône-Poulenc a few months ago, succeeds through the issue in increas-

INTERNATIONAL CREDIT money and without watering down

But, as was the case with Rhôneaction raises questions about ac-

There are equally controversial regulatory questions, which focus on whether the \$260 million Credit Lyonnais would receive is core cap- on the notes can be suspended.

ital or supplementary capital.

Bank regulators from 12 leading industrialized countries, working industrialized countries, working to make to under the aegis of the Bank for International Settlements, last year established standards for measuring banks' capital and establishing how much capital they need rela-tive to the types of business they engage in. The regulators estab-lished a standard ratio of capital to risk-weighted assets of 74 percent by 1990, and 8 percent by 1992.

François Gille, treasurer of Crédit Lyonnais, said the bank already meets the 8 percent target with core capital of 28.7 billion francs (\$4.61 billion). The proceeds of the perpetual notes would raise over the London interbank offered the total to just over 30 billion

Under the BIS rules, capital is Under the BIS rules, capital is broken into two tiers, and core captal (so called Tier 1) must constivestors for for the risk they face of ital (so-called Tier 1) must constitute at least 50 percent of overall

Although the press release from British analysts say could cause Crédit Lyonnais implied that the regulators in other countries to obproceeds from its issue would ject to Tier 1 status for the funds is the haziness on whether the Credit count as core capital, bank officials refused to make any statement as Lyonnais notes are actually perpet-

Mr. Gille said the classification petual in form, but 15-year in sub-

Like Rhône-Poulenc, which sold "was not the determining element" \$1.2 billion in perpetual notes, Crédit Lyonnais has sold to Merrill Lynch \$350 million of perpetual notes on which interest will be paid for only 15 years. In exchange, Crédit Lyonnais received only about \$260 million in cash.

Merrill Lynch will use the \$90 million difference to create an offshore trust that will buy 15-year, zero-coupon U.S. government bonds whose redemption value will equal \$350 million. The perpetual noteholders can exchange their paper for the cash in the trust at the end of 15 years, when the bank's formal requirement to pay interest ceases. The trust forever after holds the notes, which are then worthless since they no longer pay interest.

The question of form over substance goes to the heart of the dispute on accounting procedures for such issues.

The \$90 million Merrill Lynch skip payment of interest without any obligation to make it up at a will use to create the trust will never be seen by Crédit Lyonnais, which will treat that sum as prepaid interest. Since interest payments are tax deductible, Credit Lyomais will get to deduct the entire cost of the transaction. In effect, by allowing the tax deduction, the government is subscribing to the capital in-crease but only at a fraction of the cost - \$90 million in reduced tax revenue compared with \$350 million in real cash.

> Reliable sources reported that outside anditors concur with the view that the \$90 million, under French accounting rules, can qualify as prepaid interest.

In other countries, that is not the One aspect of the issue that some case. British analysts report that in Britain the \$90 million discount could only be counted as prepaid interest if the securities were redeemable. That leads back to the question of whether Crédit Lyonto whether the funds would count ual or only for 15-year issue.

as core or supplementary capital.

Critics say that the notes are per
or 15-year floating-rate notes. nais has issued perpetual securities

Prices Decline in Volatile Trading

NEW YORK - The eroding value of the dollar against key foreign currencies and a surge in oil prices Friday pushed bond prices down last week in volatile trading.
"It's a pingpong market," said

Lawrence Morris, a vice president of the bond department at Butcher & Singer Inc. "We've seen the market up and down a point."
The Treasury's beliwether 9%

percent bond, which matures in 2018, fell to 102 12/32, from 103 9/32 the previous Friday, while its yield — which moves inversely to the price -- rose to 8.90 percent from 8.81 percent.

On Friday, economic reports for September showed an 0.4 percent rise in producer prices, an 0.4 percent decline in retail sales and an industrial production rate that was er in New York, ending at 126.55

THIS ADVERTISEMENT APPEARS AS A MATTER OF RECORD ONLY

GEFINOR

SHEAFFER EATON ACQUISITION

PARTICIPANTS

GEFINOR INVESTMENTS N.V.

GROUPE DES ASSURANCES NATIONALES S.A. -

GAN PARTICIPATIONS

UNION DES ASSURANCES DE PARIS S.A. -

UAP ACTIONS SELECTIONS

COMPAGNIE FINANCIERE DE ROMBAS

R.E.L. PARTENAIRES S.A.

A.Z. AL QURAISHI & BROTHERS

BANEXI - Groupe Banque Nationale de Paris

The reports were "all pretty favorable to the market," Mr. Morris said. But the market took a downturn on a surge in oil prices and a

U.S. CREDIT MARKETS

further weakening of the dollar, he

Oil prices surged Friday on mmors that key members of the Organization of Petroleum Exporting Countries would forge an agreement over the weekend to cut crude output by about 2 million barrels a

On the New York Mercantile Exchange, West Texas Intermediate, the benchmark U.S. crude, for previous week. immediate delivery, soared 71 cents to \$14.92 a barrel

The dollar finished the week lowyen and 1.8055 Deutsche marks.

The bond market's volatility indicates a lack of commitment to the market, Mr. Morris said.

■ Mortgage Rates Decline

U.S. interest rates on 30-year, fixed-rate mortgages fell to the lowest level in five months last week, according to a weekly survey, the Associated press reported from Washington

The Federal Home Loan Mortgage Corp., a government-chartered corporation owned by sav-ings institutions and known as Freddie Mac, said fixed-rate mongages averaged 10.33 percent last week, down from 10.38 percent the

That was the lowest since rates averaged 10.32 percent in the week that ended May 6. The averages do not include add-on fees known as

Fixed-rate mortgages hit a high week ended Aug. 19. That was the moderate gains overall. The ANP-week after the Federal Reserve CBS index closed Friday at 279.8, Board raised the discount rate. charged on loans to banking institutions, to 6.5 percent from 6 percent in an effort to cool economic growth that it believed was leading

to accelerating inflation.

However, since then the Fed has not found it necessary to further restrict the availability of credit be-continue to rise. cause a number of signs of economic slowing have emerged, including declines in retail sales, lackluster growth in industrial production and less robust employment

Mortgage rates have been declining recently in tandem with rates on long-term bonds.

However, short-term interest rates have eased only slightly. Freddie Mac said that rates on the most popular type of one-year, adjustable-rate mortgages, those with caps on how high the interest can go, averaged 8.11 percent last week, down slightly from the peak of 8.16 percent six weeks ago.

percent six weeks ago.

Adjustable rates this year have everaged as low as 7.49 percent in March, while fixed rates dipped to 9.84 percent in February, their lowest point since the stock market collapse last October.

U.S. Consumer Rates dey Market Funds Roghue's 7-Day Average 7.75 % Source : New York Time

Treasury Bonds

PERSONAL INVESTING

IN THE IHT THE SECOND

MONDAY OF EACH

MONTH, EDITED FOR THE **SOPHISTICATED**

INVESTOR — AN ESSENTIAL GUIDE TO OPPORTUNITIES

AND PITFALLS ---

WORLDWIDE

97.50 Coupon indicated at 21%. Noncollable. Each 5,000-mark ... note with one worront exercisable into company's shares at an expected 25% premium, Fees 214%. Terms to be set Oct. 18, (Nonura Burope.) WORLD STOCKS IN REVIEW / Via Agence France-Presse

97.50

New International Bond Issues

Compiled by G. Jennifer Shapiro

1011/4

1001/2

101.791

621/2

C\$ 200 1998 101/2 101.45 99.15 Noncollable, Fees 2%, (Societe Generale.)

1993 1014 10114 99.85 Nancollable, Fees 174%, (Wood Gundy.)

1993 10% 101½ 99.80 Noncollable, Fees 1%%, (Scotic McLand.)

6% 101%

1998 6% 101%

DF300 1998 61/4 101

1993 zero

\$150 1993 9% 101.70 100.30 Nancalable. Fees 19%. (Merrill Lynch Copetal Markets.)

Mat. Coup. Price

Amount

(millions)

m_125,000 1996 liber

\$100 1995 zero

1990 8%

FLOATING RATE NOTES

FIXED-COUPON

Esportfinans

Liberty Mutual

ADT Finance

Mercedes Benz Credit

Swedish Export Credit

Arab Banking Corp.

Australian Industry

Development Corp.

Halifax Building

Society

World Bank

Austria

Corp.

World Bank

Finnish Export Credit

Toyota Motor Credit

European investment

Export Development

Parbel Int'l Finance

Quebec Province

Saskatchewan

Teleset Canada

Security Pocific

Toronto-Dominion

EQUITY-LINKED

Fletcher Challenge

Financial Services

Bridgestone

Korokuen

Sakai Chemical

Hokuriku Electric

Province

Austrolia

Capital

Terms

Interest will be pegged to 6-month Liber. Colleble at per if 1989, Fees 0.75%, (Istitute Bancarie San Paola di Torino.)

Yield 8.81%. Nencollable. Proceeds \$55 military, Feet 115%.

Noncollable, Fees 26%, (Schweizerische Bankgesellschaft)

Noncollable, Fees 29%, Denominations £10,000. (Worburg

Noncollable, Each 10,000-guilder note with 28 two-year warrants accerciaable into \$500 at a fixed exchange rate of 1.85 morts per dollar. Fees 2%, (Algement Bank Nederland)

Redeemable and collable in 1991, Redemption amount then and at maturity will be linked to the level of the Nikkei 225 stock index. Pass 196%. Denominations 100 million ven. 89:1 let'L]

101% 100.25 Noncollable. Fees 1%%, (Deutsche Bank Capital Markets.)

99.88 Noncollable. Fees 116%, [Nikko Securites Europe]

98.25 Noncollable. Fees 24% (Dresidner Bank.)

97.70 Nancaliable, Fees 2%, (Commerzbank.)

98.90 Noncollable. Fees 21/%. (Commerzbank.)

Noncollable, Fees 2% (ABN.)

1011/2 100.08 Nancoliable. Fees 11/5%. (Benque Paribas Capital Markets.)

1994 71/2 1017/2 99.98 Noncollable. Fees 1 1/4%. (Margan Stanley Int'l.)

1995 7% 101% 99.98 Noncollable. Fees 1%%, (Swiss Bank Corp. Int'L)

1993 101/2 1011/6 101.08 Noncollable. Fees 11/6%. (Skandinoviska Enskilda Banken.)

141/s 101% 100.00 Noncollable, Fees 11/1%. (Credit Suisse First Boston.)

101% 100.50 Noncollable, Feet 199% (Fay, Richwhite U.K.)

103.75 Noncolleble, Each \$5,000 note with one warrant a

98.00 Collable and redemnable at par in 1993. Convertible at NZ\$5.40 per share, a 14% premium, and at \$62.60 per New Zeoland dollar. Fees 26%. (CSFB.)

into company's shares at 97.93 year per share and at 132.75 year per dollar. Fees 24%. (Yamaschi let T Europe.)

ento company's shares of 1,446 yea per share and at 128.85 yea per dollar. Fees 24%, (Niddo Securities Europa.)

Coupan indicated at 256%. Noncollable, Each 5,000-mark

on expected 29% premium. Fees 26%, Terres to be set Oct. 18. (Destroke Bank.) with one warrant exercisable into company's shares of

106,50 Noncollable. Each \$5,000 note with one warrant exerci-

97.50 Noncollebia. Each \$5,000 note with one warrant exe

Amsterdam

Stock prices had a hesitant start investments out of the sickly Tailasi week, dii in CBS index closed Friday at 279.8, up from 276.1 points from a week

Volume for the week was 3 billion guilders, up from 2.5 billion for the previous week. In the light of the strong close on

Friday, the brokerage Kempen & Co. predicted the market would-

Frankfurt

Trading was heavy last week and prices rose, despite publication of a larger-than-expected U.S. trade deficit for August and the decline

Friday at 1,602.2, up 20 points from the previous week. Volume on the eight West German stock exchanges was heavy, rising to 22.76 billion DM from 14.40 billion DM the previous week.

Traders said the announcement by Klöckner & Co. that it had lost about 700 million Deutsche marks (\$384.13 million) in the oil futures market did not have adverse effects

Hong Kong

Share prices continued to surge last week. The Hang Seng Index closed Friday at 2,593,00, up 114.13 on the week, while the broader-based Hong Kong Index reached 1,690.64, up 58.32 points.

Average daily volume was a Average daily volume was a healthy 862 million Hong Kong

employment figures and decisions Paris by foreign fund managers to move

continued through the week. London The stock market was overshadowed in the early part of last week by the wait for U.S. trade figures on Thursday and the British retail

1993 open 100

1993 open 100

price index on Friday. Prices finished the week mixed. The Financial Times industrial

index gained 3.6 points to 1,494.0, while the FT 100-share index ended at 1,840.6, down 4.1 points for the

There was heavy trading in Lourho shares during the week, as traders speculated on whether the Australian financier Alan Bond would increase his holding in the

Gold mining shares edged lower over the week, while government bonds were also weaker.

Stocks ended higher, registering gains for the sixth straight week. The Comit index ended at 568.82, up from 558.35 the previous Friday. Volume was slightly lower, with a daily average of around 240 billion lire, or 58 million shares, compared with about 270 billion lire, or 60 million shares, the previ-

Analysts said abolition of secret on moderate volume dollars.

The market reversed weeks of losses on Monday. Traders said reasons for the turnaround were numerous, including healthy U.S.

The market reversed weeks of political tensions in Italy and thus benefit the market. They said the recent gains should continue.

The Credit Suisse index finished at 495.1, up from 488.7 the previous Friday, and the Swiss Bank Corp. indicator was at 550.6, compared with 549.

Prices fell slightly for the week, 2C 381.1 compared with 382.6 the previous ELA : - -

١Ł.

Analysts said the market was hurt by profit-taking, which they said was normal after the recent climb in prices, downward pressure on the franc and a wave of publicsector strikes, which may spill over into the private sector and damage business profitability.

Singapore

The market finished in an uncertain mood, with the Straits Times industrial index plunging below the key 1,000-point support level.

The index ended last week at 994.57, down 8.70 points from the conglomerate.

Racal lost ground after announcing details of flotation of its 20% stake in its subsidiary, Vodaphone.

Racal lost ground after announcing details of flotation of its 20% stake in its subsidiary, Vodaphone.

Tokyo

Share prices had an uneven week, but the market closed with modest gains despite worries about the dollar

The Nikkei average rose 48.30 points from the previous week to close at 27,306.57 on Friday. The Tokyo Stock Price Index advanced 22.79 points, to 2,124.74.

Zurich

The market was quiet last week

Taipei Fails to Curb Drop in Stock Prices

TAIPEI - Share prices on the Motority 8d Ask Yeld 30,99.90 100 9/2 100 11/2 8.32 15,05.91 100 24/2 100 24/2 8.40 30,99.92 100 24/2 100 24/2 8.40 30,99.92 100 24/2 100 24/2 8.40 15,02.93 101 24/2 101 24/2 8.53 15,01.95 97 24/2 102 24/2 8.69 15,02.98 104 24/2 102 24/2 8.85 15,05.18 102 104 12/2 8.89 Tarwan Stock Exchange plunged for the 14th consecutive day Saturday, as government measures to salvage the market failed to bolster prices but sharply increased the level of trading activity.

The weighted price index sank 177.19 points to 6,251.56. Volume shot up to 3.8 billion (\$131.35 mllion) Taiwan dollars, compared with 260 million Taiwan dollars on Friday. Only 10 issues advanced, while 130 stocks fell

Share prices have tumbled by 28.8 percent since Sept. 24, when the government announced that a capital-gains tax would be reim-posed on stock transactions.

Before the plunge began, daily volume used to average between 40 billion and 50 billion Taiwan dollars. Observers said the stock market was overheated then. The further drop in prices ocplayers to enter the market to prevent further declines. The Securities and Exchange

with enhanced voting rights rose to 50 percent from 40 percent, and similar loans for buying regular to have much effect on the the stocks went to 40 percent from 30 percent. The ministry's monetary department said the changes would stocks as collateral.

to pay redemptions demanded by small investors, and has advised leading industrial groups to reactivate the market with extensive buy-

curred despite a Finance Ministry would adopt whatever means pos-announcement Saturday about m-sible to bail out the market, but she creases in margin loan limits. It said she would not separate the asked institutions and large market capital-gains tax from the personal income tax, as demanded by share holders,

"We are optimistic that the move Commission said the maximum will help stabilize our stock mar-margin loans for buying shares ket," Ms. Kuo said. Analysts said the government

move on Saturday was too limited stock market.

To end the fall in the stock index. the ministry in early October raised simplify ways for investors to post a ceiling on tax-free profits from stock sales to 10 million dollars a The ministry also asked state year from 3 million, and lowered banks to buy shares from four much tax on individual share

been worsened by the recent shutdown of the largest petrochemical district in Taiwan, which is under Finance Minister Shirley Kuo siege by villagers protesting pollutoid legislators Saturday that she tion. (AFP, Reuters)

GEFINOR LIMITED

ACTED AS INVESTMENT BANKER

PALUEL-MARMONT S.A.

France's Banking Blues

IN THE NEWS

Sept. 16: Minister Stresses Need for German Investment

During a meeting of the French-German Economic and Financial Council in Frank-furt. Finance Minister Pierre Beregovoy did France must be more willing to accept West German investment. Discussions centered on ways to recycle the German trade surpluses. Mr. Bérégovoy, a critic of West German monetary policy, said the cur-rent level of the French franc against the



Pierre Bérégovoy

Sept. 21: Budget Projects Reduction in Deficit

The 1989 budget law brings the deficit from 115 billion francs to 100 billion francs and reduces household and company tax-es by 15 billion francs. Tax rates to companies reinvesting profits will be reduced from 42 to 39 percent. Spending is to rise by 4.7 percent, with increased allocations to education, employment, research and culture. As a percentage of GNP, the budget defi-cit is expected to be brought down to 2.1 per-cent this year and 1.7 percent in 1989. Economic growth in 1989 is expected to reach 2.6 percent, higher than previous official predictions of 1.9 percent.

Sept. 23: Trade Deficit Reaches Peak Level

The foreign trade deficit in August reaches 9 billion francs, the highest level since January 1983. A strong push in imports, which rose from 85.8 billion francs in July to 97.7 billion francs in August, accounts for the results, while exports remain

Sept. 29: France Proposes **Debt Relief Measures**

Addressing the UN General Assembly in New York, President François Mitterrand sketches out a formula for providing new liquidity for middle-income indebted nations. The aid would be in the form of a fund to gnarantee interest payments on any commercial loans converted to bonds.

Sept. 29: Policy Paper Outlines '92 Objectives

Prime Minister Michel Rocard's government publishes a major policy paper on expansion in a pan-European direction. The paper, entitled "France, Europe, the 1989-92." Plan," says that French banks, insurance companies and stock markets need to move into a position where they can take advantage of the new competitive situation pre-sented by the Single European Act.

Sept. 30: Credit Card Fees

Provoke Government Ire The decision by the three largest French banks to increase annual charges for bank cards by between 11 and 26 percent provokes an indignant reaction from the Finance Ministry. The state-run Crédit Lyonnais and Banque Nationale de Paris howed to government pressure and postponed the increases indefinitely pending "consulta-tions" with consumers, while Société Chaireale resisted.

IN THIS REPORT

Merger Trend

Even though they are latecomers, French companies are active seekers—and targets—of other concerns.

Market Activity Liberalization has opened the door to foreign involvement in the Bourse.

Venture Capital

The number of French companies engaged in venture capital activities has doubled since

Banking Dispute 15
France's three biggest banks locked horns with the Finance Ministry over a plan to increase the annual charges for bank cards.

Banks Grapple Anew With Socialist Government

By John Phillips

ARIS - Relations between the banking profession and the Socialist government en-tered a delicate phase this tered a delicate phase this fall after Budget Minister Michel Charasse sharply criticized bankers who, he said, "want to take our money and stop us from using it."

Mr. Charasse's remarks, televised live to millions of viewers, marked the worst point in a bitter dispute that erupted when the big three commercial banks, Banque Nationale de Pans, Crédit Lyonnais and Societé Générale, announced that they intended to increase their credit card charges.

ernment evidently wooing voters faced with fall local elections, the state-run Credit Lyonnais and BNP backed down and postponed the increases indefinitely pending "consul-

tations" with consumers.
Only Societé Générale persisted with moderate increases, a measure of the independence it obtained after privatization as part of former Prime Minister Jacques Chirac's denation-

alization program.

Mr. Charasse's approach carned him the sobriquet "Falstaff in the office of Colbert" from the leftist magazine Le Nouvel Observateur.
The normally reserved Finance
Minister Pierre Bérégovoy also
stepped into the fray.
The banks took concerted ac-

tion," he said. "I am well informed. It is contrary to competition laws."

There were undignified scenes

when government inspectors visited the headquarters of the big three banks and two credit card compa-nies, hauling away kilos of docu-ments to scan for evidence of unfair The French Association of Banks, in an angry statement, said: "Whip-

ping a profession that certainly has problems but whose successes are the envy of foreign competitors is a curious way to prepare for the arrival of [a single European market in] 1992."
The association blamed the media for "hour after hour" depicting bank-ers as "villains." It cited a consumer survey showing that 90 percent of the French are satisfied with their banks.

.The acrimonious bickering

credit card charges and banks' rela-

The budget minister's attack on the banks earned him the sobriquet 'Falstaff in the office of Colbert.'

tions with their customers underlined the challenges faced by the banks in their relations with the government over the coming months, financial

As if the losses they suffered on the Matif financial futures market during and after the stock exchange crash were not enough, they now find themselves in limbo after the Socialists rejected plans for further privati-

Market experts believe that the ability of the large French banks to raise fresh capital will be severely restricted unless some form of back-door privatization is introduced, perhaps by developing the nonvoting certificates of investment already in use, or by gradually diluting the gov-ernment's holding to a minimum of

The banks have let it be known that they have put their old windowdressing activities behind them and that they expect no difficulties in meeting the 8 percent capital to assets ratio proposed by the Cooke Committee at Basel.

But the hiatus in the privatization program could limit the big banks' potential to expand further in the an-European direction that Prime Minister Michel Rocard's government, in a major policy document published Sept. 29, indicated it wants

rope, the 1989-92 Plan," says that French banks, insurance companies and stock markets need to move into a position where they can take advantage of the new competitive situation presented by the Single European

But a recent study of the top six French banks' capital ratio by Mor-

gan Stanley Co. estimates that at the end of 1987 the six had Cooke Capital ratios ranging from 8.8 percent to as low as 7.3 percent — not much in the way of a cushion.

One revealing study by IBCA Banking Analysis Limited observes that French banks are including 100 percent of their generous sover

Continued on page 14



Firms Export Stock To Broaden Base

By Madlyn Resener

ARIS — French companies are ex-porting a new product to the United States these days — their own stock. Through the use of American Depositary Receipts (ADRs), Elf Aquitaine, Rhône-Poulenc, and Louis Vuitton Moet Hennessy, among a half dozen others, are adding Ameri-cans to their investor base in a bid to tailor a more international image.

There is nothing new about ADRs, which were designed 65 years ago to allow Americans to invest in overseas companies. Howevers the invest in overseas to invest in overseas companies. er, they have traditionally been used by only a bandful of multinationals.

Today, however, as European companies gird themselves to compete in an era of priva-tizations and corporate takeover battles, with an eye on the unified European market of 1992, they are increasingly considering ADRs as a way to raise capital and broaden their

"For any major international or super-large domestic company, no country can meet its capital needs, observed William G. Barron, vice president in charge of securities services for Irving Trust Co. in London. They have to go to international markets."

For most of these companies, a direct list-ing on an American exchange would be too

with ADRs, the procedure is much simpler. Shares of a French company are traded on the Paris Bourse as usual. When a Paris broker receives an American order, it buys the nonested these than denoting them. requested shares, then deposits them with its custodian bank and issues ADRs on an American exchange at the current foreign exchange rate, and taking into account changes in the share price in Paris after the order was placed.

share price in Paris after the order was placed. The shares are then quoted in U.S. dollars and trade normally, with dividends paid in dollars. In Europe, the reasons for looking at ADRs vary from country to country. Butish companies are using ADRs to expand their shareholder base. For example, 60 percent of shares in the automaker Jagnar and 40 percent of Glaxo are now held by U.S. investors in the form of ADRs.

PANISH AND Italian companies, on the other hand, are motivated by a fear of being swallowed up by larger French, British and German companies in the frontieriess European market.

Privatization is another reason. The Spanish government's program to sell off half of Repsol, the state-owned oil company, will put \$2.5 billion worth of shares in play. "There's no way the Spanish market can absorb that," noted Mr. Barron.

While France's privatization program has been shelved under the Socialists, there are still plenty of incentives for large companies to sell ADRs. Elf Aquitaine, for example, launched ADRs, sponsored by Irving Trust, in May. About two million shares are currently traded on the OTC.

"We attach great importance to this program because it allows us to have a more direct contract with American investors and to

direct contact with American investors and to

pany spokeswoman.

In addition to adding American institutional investors to its base, Elf Aquitaine's ADR program helps reinforce its image as a diversified oil company with activities in chemicals and pharmaceuticals.

In the United States, the spokeswoman said, "We are largely known as a big oil company, even though our other branches such as Sanofi in pharmacenticals, are becoming more and more important." ing more and more important."

Like many other European companies, Elf Aquitaine has actually had ADRs for many years, but these were unsponsored, that is, any bank could issue the shares, with or without the company's permission. But U.S. regulations were changed a few years ago to require companies to designate one issuing bank, one

The tactic helps companies build up a more international

As a result, Mr. Barron said, "In the last four or five years there has been a mad dash to convert from unsponsored to aponsored status, especially in the U.K. because of the major privatizations." A few companies in France, such as L'Oréal, are still unsponsored, but they have relatively few shares on the

Some European companies have specific reasons for issuing ADRs. Laura Ashley and Benetton use them to facilitate employee bomus programs in company stock.

Other companies view ADRs as a tool in takeover battles in the United States. In the current battle for Fireman's Fund, for instance, BAT could have offered its 35 million shares in ADRs instead of cash if they had been sponsored shares rather than unspon-

But most companies are turning to ADRs to raise capital and open a wider distribution of shares, thus developing a more liquid market for the shares. That creates more demand. driving up the share price and making a com-pany a more difficult takeover target.

"European countries are driven by the need to compete on world markets, and they are looking at ADRs as one idea among many others," said Mr. Barron. He added that for Irving Trust, one of the leaders in the field,

Continued on page 14



ur broad capabilities, long experience and proven reliability are recognized by corporate clients and international inves-

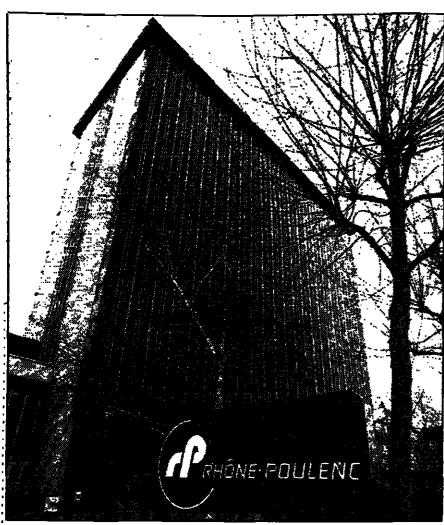
Founded in 1919, we are one of France's foremost financial institutions and its leading corporate financing specialist.

We provide a broad array of loans, equity financing and venture capital for corporations of all sizes in all sectors of the economy. Outstanding loans are nearly FF 73 billion. We are major borrowers on the international markets. International investor confidence has proved that.....

THERE ARE OTHER FRENCH SIGNATURES OF GREAT VALUE



For more information, please contact Paris Headquarters (1) 45.50.92.19 - New York Office (212) 832.60.80



Even state-owned companies like Rhône-Poulenc are active in takeovers.

Firms Exporting Stocks

Continued from page 13

France is "clearly one of the markets we are

focusing on."
French companies have until recently been less interested in ADRs than their European neighbors. This is partly because most large companies are owned either by the French government or by a handful of other large

But French companies are also reluctant to file certain financial information with the U.S. Securities and Exchange Commission, partly because the format for filing requires changes in bookkeeping and partly because of a fear that the information will somehow end

up in the hands of competitors. Nevertheless, companies who overcome their doubts are finding ADRs a valuable tool. Rhône-Poulenc has had shares trading on Nasdaq since March 1987. Philippe Maitre, a company spokesman, said the program is a means of diversifying the state-owned group's financial resources without going through the complicated formalities of direct-

ly issuing shares in the United States. Even the French government is getting into the act. In September, it became the first sovereign state to issue government bonds in

the form of ADRs. The bonds, called Obligations Assimilables du Trésor, are listed on the New York Stock Exchange. They are designed to attract investors barred for regulatory reasons from investing in foreign government bonds as well as investors reluctant to buy bonds denominated in a foreign currency.

A senior French Treasury official commented, "We were convinced this was a good opportunity."

Will other European countries follow the French example?

Several have contacted Crédit Lyonnais, which put together the government's program, for more information. But, according to Mr. Barron, many European countries are already in the U.S. market with Eurobonds, while others have their own solutions. Denmark directly issues bonds in the United States in dollars, and Britain, for historical and cultural reasons, attracts U.S. investors to its home markets.

Spain and Italy are the most likely candidates, but they will probably wait to see how the French bonds trade before acting.

MADLYN RESENER is a financial journalist

Latecomers Catch Up on the Takeover Scene

By Jacques Neher

ARIS - Although the international wave of mergers and acquisitions was late to hit France, experts in the finan-cial community believe French com-

panies are now making up for lost time. In the past year, the French mergers and acquisitions scene has ignited, with Frenchcompanies becoming active seekers - and targets - of other concerns, both domestically and across borders. The trend has spread through all industry sectors and has involved publicly traded companies as well as smaller private concerns.

"We're seeing a real earthquake in mergers and acquisitions in France," said Pierre Rochon, president of Drexel Burnham Lambert's

The biggest deal, by far, was concluded in June when a French investment bank, Compagnie Financière de Suez, paid 8.2 billion francs (\$1.26 billion) to take control of Société Generale de Belgique, Belgium's largest company, after a six-month takeover battle with the Italian industrialist Carlo de Benedetti.

The wine and spirits industry was jolted early this year when the third-largest cognac house, Martell & Co., was bought by Seagram Co. of Canada for about \$850 million; Benedictine SA, a maker of liqueurs, was sold to Martini & Rossi SpA of Italy; and most recently, another top cognac maker, Remy & Associes, agreed to pay up to \$180 million for Piper-Heidsieck, the fifth-largest champagne

Publishing has also been an active sector. Les Echos, the French business newspaper, was sold to Pearson Ltd. for £88 million (\$150 million) and Générale Occidentale merged its Presses de la Cité book publishing company with CEP Communication's Larousse-Nathan publishing group.

While still far behind the United States and Britain in terms of the volume of such deals, the growth of mergers and acquisitions in France has been formidable.

In 1987, there were reports of 732 transactions in which at least 51 percent control shifted to, or from, a French concern. That represents a 44 percent leap over 1986, according to Armand-Louis Weisheimer, president of ALW/M&A International-France, a Paris consultancy that tracks acquisitions in Europe.

Since merger and acquisition statistics are derived largely from newspaper reports, and many deals go unreported. Mr. Weisheimer estimates that the actual number of transactions could be three times as big.

Of the total reported transactions, more than half were deals between two French companies, 260 cases involved another West European company, and 101 pacts were between French companies and buyers or sellers in the United States or Canada, he said. Among the deals involving foreign compa-

nies, the statistics showed French companies to be more inclined to buy than to sell. They acquired 194 foreign companies, up 45 percent over 1986, while 178 French companies sold out to foreign buyers, an increase of 12 percent.

In Europe, only British and American/Canadian companies were more acquisitive than the French in 1987, with their purchases totaling 427 and 167, respectively.

track because usually only the publicly quoted companies release sale or purchase figures. However, one industry source put the value of French companies acquired in 1987 at over \$15 billion. In the same year, an estimated \$75 billion was spent to acquire British companies

and \$400 billion was paid for U.S. companies. Industry experts offer many reasons for the apparently sudden acquisitive mood in France. A common refrain is "1992" — the year by which the remaining trade barriers among the 12 European Community countries are to fall.

"Nineteen ninety-two is in vogue at the moment," said Philip Healey, editor of Acquisitions Monthly, a British magazine. "Everyone wants to get in before the competition gets tough, and they're willing to pay one hell of a

However, Jacques-Henri Bourdois, publisher of the business newsletter Connaissance Première called 1992 "just an alibi" for more fundamental changes in business strategies, with a decided shift to market-oriented think-

Ten years ago, the main concern of French businesses was to develop their technology, and that could be done internally," Mr. Bourdois said. "Now, what's important is the size of

The value of this activity is more difficult to the market and the company's market share. That's something that can be acquired by external means."

Another factor stimulating mergers and acquisitions, experts say, has been the recent program — now halted — of privatizations. The major groups that were sold off to the private sector over the past few years are now freer to raise capital and engage in crossborder acquisitions, they say.

However, even state-owned groups, like the chemicals giant Rhone-Poulenc SA and electronics group Thomson SA, have been active in the M&A field, pushed mostly by the demands for restructuring imposed upon them by their respective global industries.

Since 1986, Rhône-Poulenc has focused on the United States, snapping up Union Carbide Corp.'s agricultural chemicals business and Stauffer Chemical Co,'s basic chemicals unit, while it has cast off several subsidiaries that do not fit into its strategy of focusing on a few

product areas. Jean-René Fourtou, chairman of Rhône-Poulenc, said he hopes to spend an additional \$200 million this year on acquisitions, "and if

we're lucky, three times that amount." To solidify its position in the global television manufacturing market, Thomson last year bought the RCA consumer electromes business from General Electric Co., while ceding is medical imaging business to GF. There have been reports that Thomson is currently looking by Tarich at the content of the content at Zenith, the remaining independent American television producer.

"We're seeing the end of the big French conglomerates that try to do a thousand things in a thousand places," said Mr. Rochon of Drexel Burnham Lambert. "The hig companies will become bigger, but less diversified, as

they seek a bigger chunk of market share." For the smaller companies, especially those created soon after World War II, selling out is a way to solve succession problems for owners now reaching retirement age. For companies created more recently, it is a way for young entrepreneurs to capitalize and move on to something else.

This represents a sea change in the busines mentality, said Mr. Weisheimer.

"It used to be that the owner of a company would sell anything, but never his company. he said. "The new generation is more 'Ameri-canized' in that it regards a business more as a tool. You use a tool when you need it, and when you no longer have a use for it, you sell it."

Banks, Socialist Government at Odds

Continued from page 13

risk reserves in the capital adequacy calcula-

"Given that 'problem country' debt is currently trading, on average, at a discount of over 50 percent, it is hard to see how banks can argue that at least a proportion of their sovereign risk reserves is not ascribed to particular

assets," the study notes. The IBCA report contends there is a shortfall in several French banks' risk weighted capital ratios (calculated on the basis to apply at the end of 1992) - even including all their

sovereign risk reserves.

1988 and 1989 are estimates.

"Instead of looking for loopholes in the Cooke Committee accord, French banks should concentrate their efforts on raising the level of their freely available capital," says the

The French Association of Banks, for its part, has expressed concern that, with only one in five foreign units of French banks operating in the European Community, they might be too lightweight to profit from 1992.

Other experts say that 1992 will be a leap in the dark for European bankers even without problems of capitalization.

"What is in train at the moment will not be

France's Big Five			
(Net income in millions of French (rancs)	1987	1988	1989
BNP	2,835	3,300	3,650
CCF	433	500	560
Crédit Lyonnais	2,223	2,510	2,875
Paribas	1,725	2,400	2,750
Soc. Générale	2,376	2,730	3,060
Suez	2,133	2,485	2,960

Source: Morgan Stanley Research Estimates

altered that much by 1992 and '1992' is not going to happen by 1992," said Nicholas Col-lier, a banking analyst at London's Hoare

Mr. Collier said he thinks it will be unrealistic in most cases for French banks to compete across the board in providing retail services if they do not have a branch in another country.

"The barriers to entry are too high," Mr.

This debate has been under way since the beginning of the 1988 presidential election campaign. But the government, following the example of the Chirac administration when it took office, has preferred to start putting its own men in place before addressing the funda-

For example, Jean-Maxime Leveque, an outspoken advocate of all-out privatization who made no secret of his annoyance at the halt the Socialists called to denationalization, was removed from the chairmanship of Crédit Lyon-

His counterpart at BNP, René Thomas, for the moment at least, remains in his post. Unlike Mr. Leveque, Mr. Thomas has advocated a partial and gradual opening of his bank's capi-tal, starting with votes for holders of certificates of investment, perhaps followed by a sale of some of the state's equity. But critics say that Mr. Thomas increasingly is being forced to take a back seat in the bank to other leading

Against this background, it remains to be seen whether the banks can expect much help from the government on preparing for 1992 until the municipal elections are over next

JOHN PHILLIPS is a Paris-based correspondent for United Press International

mime

Compagnie Générale d'Électricité

CGE 1988 FIRST HALF CONSOLIDATED NET INCOME **UP BY 31** % TO FF 1.7 BILLION

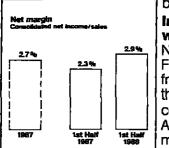
At its September 28, 1988 meeting chaired by Pierre SUARD, the CGE Board of Directors reviewed the Group's interim report for the first half of 1988.

Consolidated net income for the period amounted to FF 1,694 million, an increase of 31 % over the FF 1,290 million recorded for the first half of 1987.

The consolidated income statement reflects the structural changes that occurred during this period, mainly the sale of the consumer electronics activities of the West German subsidiary, Standard Elektrik Lorenz and the sale of the diesel motor

business of SEMT Pielstick, an Alsthom subsidiary. It also takes into account the acquisitions of the cable businesses of Manuli of Italy and those of Ericsson in the U.S. Consolidated sales totalled FF 57,970 million and, on a comparable structural basis. advanced by 5% over the first half of 1987. Excluding structural

Consolidated net income represented 2.9% of sales as compared to 2.3% for the first half of 1987 and 2.7% for 1987 as a whole. Growth in net margin reflects improved profitability in all sectors of CGE's business, in particular telecommunications, business systems and cables.



changes sales growth was 2%.

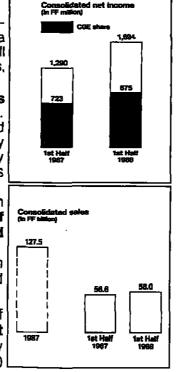
Income from current operations was up by 35% to FF 2,288 million. Non-current income totalled FF 435 million and resulted mainly from the capital gains generated by the sale of Standard Elektrik Lorenz's consumer electronics business.

After deduction of FF 819 million in minority interests, CGE share of Consolid consolidated net income totalled

FF 875 million, up 21% over the first half of 1987. Net income per share amounted to FF 13.30 for the 1988 interim period as compared to FF 10.25 for the first half of 1987 and FF 27.80 for 1987 as a whole.

Sales growth in 1988 should be in line with that for the first half and, barring unforeseen circumstances, consolidated net income should amount to at least 3% of sales, thereby meeting this year the targeted profitability objectives set for 1990 at the time of CGE's privatization in 1987.

Consolidated income statement (in FF million)	1st Half 1988	1st half 1987	1987
Sales	57.970 2.288 435 1,694 875 819	56.602 1,690 351 1 ,290 723 567	127,461 4,471 631 3,388 1,832 1,556





BECAUSE THAT MIDDAY BREAK **COULD BE A LUCKY ONE**

FROM 12.30 PM TO 1.30 PM 30% LESS



"THIS SEEMS LIKE A GOOD TIME TO DISCUSS OUR BUSINESS. THE PROSPECTS ARE EXCELLENT.

WHEN YOU'RE GOT A FEW OUIET MINUTES BETWEEN 12.30 AND 1.30, OPPORTUNITIES ARE RIGHT THERE ON THE LINE. REDUCED RATE PERIODS (METROPOLITAN FRANCE) -30%

MONDAY TO SATURDAY FROM 12.30 PM TO 1.30 PM MONDAY TO FRIDAY FROM 6 PM TO 930 PM

DAILY FROM 6 AM TO 8 AM AND FROM 9 30 PM TO 10.30 PM. SATURDAY FROM 1.30 PM TO 10.30 PM. SUNDAYS AND HOLIDAYS FROM 6 AM TO 10.30 PM.

DAILY FROM 1030 PM TO 6 AM.

RATES INCLUSIVE OF TAX AT JUNE 1, 1988, FRENCH HOUR.



BLEW & INIT There have with backung

character to the contract of t Arth Athern Mar I to be to carner cand bes while the γ Reshur ... Ma eritebeg a mounted may be a moun Stuliesi 3. dia:-Bailty () born 助hg .-t:: [· lest southern timent form he Things of the co in comof the Francis and i Nimar 🐌

contained in the property of the contained of the contain somean. unice; PARTY IN Î 4. 356 Make with to the dahang Day ni il riter Group nservatio ri h, Hulling.

v Not En by Tom Bethe

SHINGTON-Iss MANAGEMENT WEEK are and for the time are of Dukain had mag needed thome natio Land beam. If and he Televisia With the conces. Mr. Bush hale the diffusion and thereon. The has statute same is seen, to becomplishing and he victors a Name or contesidents des Les Anima E er e med minez

WELL IN MERS South South He was af policy to extly in section The second section in the second Strain and August 1 The Control of the training of the state of tor we candidate and the second the first accompatibility error osmila an in the standards the There's the complete Control of the State of the Sta

100 The Robert 1. 1. 1. 1. 1. 2. the fact of the speciment Market and the second s - 6.5 200 Configure.

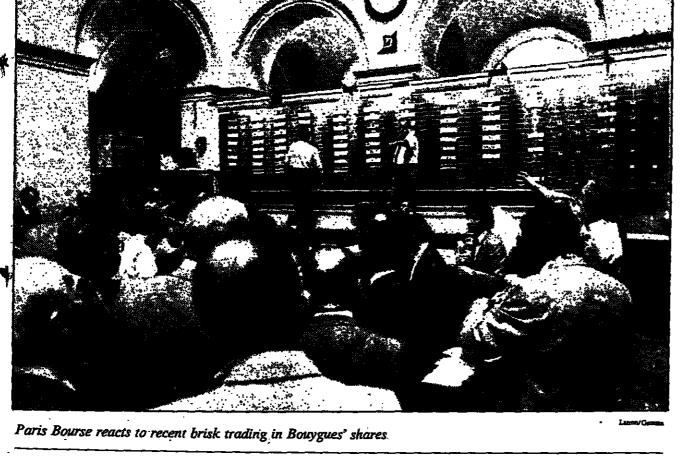
A CONTRACT PROPERTY Control of the Control e e

100

marked. The October 1987 stock market crash was the first real test for France's fledgling venture. capital industry. Many analysts reckon that in the long term this setback should be beneficial as it will provide, in Mr. Battimi's terms, the

perspective." This view is echoed by Michel Biegala, director general of the French affiliate of Britain's French venture capital industry will go hand in

It was the French Socialists who provided in the mid-1980s the impetus for the development



hat Follow Paris Bourse Reforms Raise Index

By John Phillips

ARIS — The share price index on the Paris Bourse tumbled by 9.7 percent on Oct. 19, 1987, in the worst one-day fall since the 1981 election of President François Mitterrand had sparked off a 14 percent decline.

Not until the end of September did the CAC index recover to its pre-crash level. On Sept. 30, the index surged through the psychological barrier of 380 points to register 380.2. Paris brokers hunching at one of their favorite haunts, the appropriately named La Rumeur restaurant located a stone's throw from the Bourse, breathed audible sighs of relief.

"It's been one of the best performing mar-kets in the world this year," said David Jones, a Warburg's economist at the Bacot-Allain brokerage. "The index will be significantly higher next year though in the short term it may go down," he predicted.

own," he predicted.

The volume of activity, however, has not opened the door recovered. For the first seven months of 1988. French equity market volume averaged 1.4 billion French francs (\$225 million) a day, a reduction of 29 percent compared with the same period in the first half of 1987.

"The crash still has left a lot of marks," said Christopher Potts, an economist in the dealing room at Banque Indosuez. "It has warned off a lot of the smaller investors who were getting gung ho."

For months the crash took its painful toll. Nine important firms and a mumber of smaller companies found themselves in difficulties. In June, the Paris stock exchange chairman, Xavier Dupont, resigned.

In the immediate aftermath of the crash, the Paris Stock Exchange lost 614 million francs of its 1.6 billion franc reserve fund, mostly through uncovered positions on the MATIF financial futures market. In July, it armounced a further 700 million francs in provisions to cover the deficits of a number of member firms, most of which still are trading.

Have the boursiers learned lessons from these serious setbacks? The Bourse is introducing a radical program of reform, which in-cludes the following measures:

• The new stock exchange chairman, Regis Rouselle, has been working on a major fundraising operation to raise a total of 700 million francs from member firms, banks and insurance companies to add to the 300 million

 A subsequent operation will raise 500 million francs for a guarantee fund with contributions from firms weighted according to their

exposure and capital bases. • At the end of this year, the exchange also is imposing a minimum capital level of 20 million francs, rising at the end of 1989 to 25 million

Some of the banks that now own brokers

Liberalization to foreign involvement in the Bourse.

have disagreed as to the amount of capital the exchange will need, so a reimbursable tranche has been included in the capital increase. It could be repaid to member companies in three or four years if it proves to be immecessary.

Other reforms were in the works before the crash. Last year, Parliament passed a deregulatory law allowing brokers to accept outside capital in stages up to 1990. The law also ended the broker's closed shop. About 30 of the old agents de change, many of them the scions of France's wealthiest families, decided to sell.

Such deregulation was long overdue. "Until 10 years ago the Bourse was based on a system introduced by Napoleon and last changed by Napoleon III." said a senior staffer at a leading

Liberalization opened the door to foreign involvement in the Bourse, giving it a more cosmopolitan flavor.

For example, J.P. Morgan, the fifth largest U.S. bank, announced plans to take 80 percent of the stockbroker Nivard-Flornoy. Warburg. the British securities house, amnounced plans to take at least 90 percent of Bacot-Allain, which has a staff of 120 and assets of over 115 million francs.

The Société des Bourses Françaises went one step further than the December legislation. On Sept. 29, it announced that it was dropping the previous timetable allowing gradual acquisi-tion of stakes in brokerages. Banks and other institutions now can take full control of do-

mestic stock brokerages immediately. President Mitterrand's re-election last May and the formation of a Socialist minority government under Prime Minister Michel Rocard have not had any perceptible adverse effect on

The Rocard team basically was well reccived abroad," said a commercial attaché at a Western embassy. "They were seen to be basically liberal and modern politicians anxious to stress policy continuity."

Foreign investors from London and New York, and more recently Knwait and Bahrain, have been returning to Paris though it has not been a tidal wave. Last week, Britain demanded that the Kuwait Investment Office, the London-based investment arm of the Kuwaiti government, reduce its stake in British Petro-

The Socialist victory put a halt to the privatization program of the previous conservative government with the flotation of 10 former nationalized concerns on the stock market.

But many brokers say privately that it may have been a blessing in disguise that denation-alization ended when it did given the volume of capital the privatized companies had syphoned

The French market has come further than any other market in Europe," said J. Paul Horne, Smith Barney's Paris-based international economist. "Ten years ago it was a kind of under the apple tree market. Now you have a vast array of modern structures. What has to happen is that the mentality has to change."

Entrepreneurial Trends

Venture Capital Posts Rapid Gains

By Howard Schissel

ARIS — France only discovered ven-ture capital in the mid-1980s as part of the cultural revolution shaking up its financial markets and practices and breaking down its rigid dirigiste frame-

Since then, with the entrepreneurial spirit starting to take root, France has been striving to make up for lost time by developing its venture capital industry and modifying the

legal environment to encourage it.
"I left France in 1981 to work in the United States and returned in 1985 to find that in just a few years we have made up almost 50," said Jean-Bernard Schmidt, managing director of Sofinnova, an independent venture capital

Indeed, the number of French companies engaged in venture capital activities has grown fast; it doubled from 1983 to early 1988 to around 90. With an estimated 12 billion French francs invested at the end of 1987, the French venture capital industry ranked third in the world, behind the United States and Brit-

Pierre Battini, president of the French Venture Capital Association (AFIC), expects this pace of expansion to continue over the next few years, albeit with a new touch. "With the opening up of the Common Market in 1992, French wenture capitalists will have to match up to the challenge of a broader European market and intensified competition," he re-

industry with a greater sense of maturity and

Investors in Industry: "Concentration in the hand with a greater degree of professionalism, thereby widening the dividing line between professionals and others running cottage in-

dustries." of venture capital by the encouragement of capital markets and the launching of the second



Jean-Bernard Schmidt.

marche. It is estimated that at least a quarter of the 250 companies on this market were fi-nanced in one way or another by venture capital Moreover, 10 venture capital funds are thenselves listed.

With the arrival in Paris of foreign venture capital specialists like investors in industry and Alan Patricof and the sprouting of aggressive French independents, a real venture capital culture has begun to blossom. Nevertheless, some outdated practices, such as mixing equity financing with loans, still continue, but should

gradually disappear.

Fiscal incentives have also spurred the growth of the venture capital industry. Tax relief is provided for both venture capital companies and funds that invest a certain share of

their money in non-listed companies.

This is making available to small- and medium-sized companies, most family owned, sophisticated financial engineering techniques, providing many with a new lease on life. Tax advantages also encourage venture capital to take a risk in the high technology field. French venture capital is looking abroad,

often beyond Europe, to assure its future ex-pansion. Union d'Endes et d'Investissements (UI), an affiliate of Crédit Agricole, is invest-ing in foreign-based venture capital funds and concentration on the international transfer of

"Venture capital is not just a financial tool to guarantee high profits, but rather one that can engineer tie-ups and synergies between companies in our portfolio," said Jean-Luc Beckert, vice president at UI for international

In a survey of its members commissioned by AFIC, Britain's Venture Economics found that in 1986 reporting member companies invested 836 million francs in 300 different operations. Venture Economic believes that the total investment outlay of AFIC members in 1986 reached 1.1 billion francs.

Technology-related companies, including those in electronics, computers, communica-tions and medical health received over 40 percent of the invested capital, accounting for almost 36 percent of the companies financed.

As might be expected, given the centralizing tendencies in France, almost half the total investment was in the Paris region. The second most important region was Rhône-Alpes, with

SPITE its spectacular growth, the French venture capital industry still has problems. One of the most commonly heard complaints is the lack of liquidities on the Second Marché, a factor distorting the valuation of companies. Another concerns the dearth of instruments

"Legal tools are still limited in France when compared to the United States," noted Mr. Schmidt of Sofinnova. "In France, we are constrained by overly complex regulations not in nine with a dynamic venture capital industry. It is certainly better today, but we still

must ameliorate the legal environment."
Thanks in part to the lobbying of the venture capital industry, new laws were introduced last year to improve the conditions for leveraged management buyonts. As they get bigger, they should offer a new field of activity for French venture capital, especially in the form of syndi-

HOWARD SCHISSEL is a journalist based in

Banks Confront Consumer Complaints

By Jacques Neher

ARIS - "Is Your Banker Robbing You?" inquired the headline on the front of a recent French newswhile another magazine "Banks: The Customer Revolt.

These are not the best of times for the image of banks in the eves of the French consumer - nor in the eyes of the government.

After loud consumer protests made the banks back down from a plan to start charging a fee for checking last year, the three big-gest banks began locking horns with the Finance Ministry in September over a plan to increase the annual charges for bank cards by between 11 and 26 percent.

The announcement, made si-multaneously by Credit Lyonnais, Banque Nationale de Paris and Société Générale, sparked blister-ing charges of price-fixing. Fi-nance Minister Pierre Bèrègovoy and Budget Minister Michel Charasse promised that the banks would be taken before the Compeútion Council.

The government also pushed its campaign in the marketplace. The postal service, which already ofters various banking services, began trumpeting that its card fees would not be raised.

If that were not enough, Mr. Bérégovoy let it be known that a 1.4 billion franc tax break that had been planned for the banks would be withheld if they didn't back

Almost immediately after the attack started, Credit Lyonnais broke ranks with its two competitors by renouncing the increase. Its new president, Jean-Yves Haberer, declared Crédit Lyonnais wanted to "urgently start an indis-pensable dialogue" with its cus-

French consumer bodies believe such a dialogue may be long over-due. Last year, the number of complaints received by the Comité des Usagers du Crédit National, a consumer advocacy group, leaped by 50 percent. Complaints ranged from claims of bank account mistakes and unjust credit refusals to limited banking hours.

The new battle over card fees is seen by some as a continuation and extension of a long-running campaign by the banks to recover the costs associated with free

This is a way around the old problem the banks have been facing for several years," said Ian Fornival, a French market analyst with Phillips & Drew, stockbro-

For years, the banks have admonished their customers for writ-

to buy a box of matches," said Mr. Furnival. "They write three times the amount of checks, per account

holder, as the British."

Banks turned to plastic debit cards as a way to wean their customers off the checkbook, and the success of the campaign may have led to the bank card problem. Last year, the number of checks written fell 7 percent while card operations doubled to around one bil-

ing checks too often, flooding des Cartes Bancaires. This compatheir costly check-processing faciling, jointly owned by the banks to

aimed at closing this gap, said Dominique Chatillon, president of the French Bank Association. "It's logical that we should try to catch up" with the growing costs, Mr. Chatillon said.

As a result, however, the costs also soared for the Groupement

ny, jointly owned by the banks to serve as the cleaninghouse for all electronic card transactions, said it lost 1 billion francs in 1987. The plan to raise the bank card annual fees - currently between 75 francs and 135 francs - was

> Unlike with bank credit cards, in which transaction costs can be partially recovered through fi-nance charges on the unpaid balance, banks have no way of recov

debit cards except through an annual fee.

Weighing particularly heavily on the cost structure of the cards is the quickly gaining popularity of automatic teller machines. The automatic tellers — there are 11,000 connected to the French interbank network - incur a cost ranging from 3 to 8 francs per transaction, according to the bank association.

JACQUES NEHER, a journalist based in Paris, is a regular contribu-tor to the International Herald Tri-



COMMUNICATING FOR THE FUTURE

The Caisse Nationale des Télécommunications, the French State agency, which through its borrowings heins to finance the research and development of France Telecom. France Telecom... dynamic, modern, the name synonymous with quality research and specessful tachnology... France Telecom... competence renowned throughout the world. a commitment to constant innovation and improvement, a determination to underline its position as one of the major forces in world telecommunications.

Partners in prepress

As a result of the financing capacity of CNT, France Telecom is today one of France's largest investors in its domestic economy. Through financing the public sector which enjoys the strongest growth prospects at present, CNT links both itself and those who underwrite its borrowings to one of the most dynamic forces in the French economy, France Telecom's commitment to the development of a universal communications network, capable of instant transmission of words, images and data and its constant striving to increase the number of highperformance products and services, adapted

to the special needs of its clients, guarantee its future success.

Technical and financial Innovation The dynamic and innovative qualities of CNT reflect those of France Telecom, CNT's operations are based on respect for its investors, and innovative but prudent

financial policies. CNT's professionalism, its leading role in the evolution of new financial products and the supervision of its involvement in various markets, allow it to combine the normal role of a borrower while taking into consideration the interests of its investors.

Management, leadership, lanevation

CNT undertakes the external financing requirements of France Telecom. But its role doesn't stop there. It is involved in the active management of debt by its regular presence in the majority of important financial markets.

A contributor since 1987 to the working capital requirements of France Telecom, CNT now issues in the domestic French commercial paper market, with currently about two billion francs outstanding. CNT makes use of a wide range of banking and financial instruments, both classic and new, short and long-term, in French francs or other currencies, to raise the necessary funds and to protect itself against the risks of fluctuations in interest and exchange

late the future CNT's high reputation is regularly proven by the quality of reception its issues receive from the international financial community. CNT's signature is the hallmark of the highest quality for institutional investors interested in supporting France Telecom in its exciting future.

CAISSE NATIONALE DES TELECOMMUNICATIONS

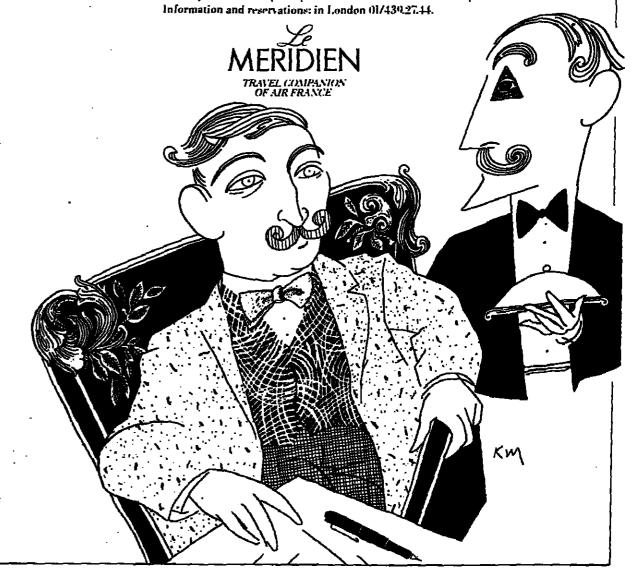
Meridien Hotels In Europe The Best Deal For European Businessmen.

Whether for seminars in Nice, Tours or London or for international conferences in Paris or Lisbon. Meridien hotels are a favourite meeting place for businessmen. Real partner to negotiations. Meridien hotels provide businessmen with everything which will meet the exacting needs: congress rooms, modular lounges. sophisticated technical equipment

designed for business meetings and the most up-to-date telecommunication networks such as those at the Meridien Paris Etoile or the Meridien Montparnasse Paris which, in 1989, will become the biggest conference

hotel in Europe. You can see that in Europe, Meridien hotels always play a part in major business events.

In Athens, Casablanca, Lisbon, London, Marrakech, Nice, Paris, Porto, Tours, Tunis and more than 50 towns from New York to Tokyo, without forgetting Rio and Cairo. Dakar and the Sevenelles Islands.



Tokyo, Amid Some Concern, Emerges as No. 1

By Patrick L. Smith

TOKYO - As inevitably as an earthquake realigning the earth's tectonic plates, the cataclysm that rolled through financial markets one year ago has fundamentally reordered the world financial system and thrust Tokyo - once an "exotic," if not secondary market - into the unaccustomed role of global market leader.

With that new role, however, have come an increasing number of questions about Tokyo's suitability for assuming it. How level a playing field, many critics here are asking, is a markets system where insider trading scandals reach into the offices of the Prime Minister and Finance Minister, where an estimated two-thirds of all issued stock are held offmarket in a web of cozy interlocking relationships, and where the Finance Ministry is both an issuer, and regulator, of stock issues.

. "We're growing tired of all the oddities of the Japanese market," said Masataka Hisamatsu, a deputy manager for international business at Yamaichi Securities Co. "Obviously this gives us a strange appearance from the viewpoint of outsiders. The mood now is to develop trading practices that are closer to an international norm."

To be sure, the practices in Tokvo that are drawing increasing criticism from foreign investors are common throughout the region, reflecting fundamental differences between Asia and the West as to what constitutes a fair trading environment. At issue here is whether Tokyo will genuinely evolve into a global market or remain Asian in character.

Skepticism on this point is widespread. It is becoming increasingly apparent, however, that the pace at which the Japanese market develops is likely to depend on how costly it becomes for participants to continue indulging in long-established traditions.

"I expect Japan to develop into a more important market than it is now for both foreign and local investors," said Nobumitsu Kagami, managing director of Nomura Investment Management Co. "But obviously there are cultural and institutional differences in the way Tokyo works. These will persist you can't expect them to go away. even though changes are under

Moral issues aside, the exchange's resilience in the year since the collapse has helped Tokyo achieve unprecedented importance among world investors. Alone among the world's major exchanges, Tokyo has not only recovered its losses from "Black Tuesday" one year ago, it has also





Traders and statisticians in Tokyo, which has been thrust to the forefront of world financial centers.

become the largest capitalized market in the world.

At its 1987 peak on Oct. 14, the Nikkei index of 225 stocks stood at 26,646, a gain of 61 percent over the previous 12 months. In valuation terms, the market was trading at a price-to-earnings ratio of 75, almost five times the level of New

But when the collapse came, Tokyo prices fell only 15 percent, compared with the 23 percent loss recorded on the Big Board. And while Tokyo's rate of growth has been outperformed by several smaller Asian bourses this year, it surpassed its precollapse record last April, making it the first major exchange to complete its recovery from the October debacle.

The bourse closed Friday at 27,306.57, down 3.9 percent from its record high on Aug. 5 of 28,423.38. Most other major world exchanges, in contrast, are trading at levels 20 percent to 35 percent below their 1987 peaks.

To international investors, this undeniable strength has brought Tokyo a dimension and stature that is likely to continue growing along with the nation's global economic and financial influence.

The exchange's quality of seeming unstoppable resilience has also lent support to the notion that Japan would again act as a final backstop should another crisis develop in world capital markets. More than this, however, most analysts here discount the possibility of another serious disruption because a variety of conditions, ranging from bond yields to prospects for economic growth, have changed.

A year ago, for instance, the failure of equity markets to respond to rising interest rates led to a significant overvaluation of stocks relaapparent in Tokyo and other mar-

Since the crash, global markets have moved closer to a state of equilibrium, partly because stock prices remain at lower levels and partly because interest-rate yield curves, reflecting increased confidence in the ability of major central banks to control inflation, have flattened worldwide.

Equally, most Japanese analysts are still confident that the U.S. trade deficit and Japan's surplus in trade are declining at an acceptable pace. While foreign economists here have begun to assert that the adjustment process has stalled in recent months, their Japanese counterparts have suspended judgement pending the U.S. presidential election next month.

This confidence remains intact. While there are signs that industrial and consumer demand in Japan are somewhat weaker than they were a year ago, the economic strength un-derlying Tokyo's resilience since last year is still apparent, economists say.

"The fundamentals here are still reasonably good, and they should continue catching up with share prices," said Jeff Max Uscher, chief of research at Smith New Court Far East Ltd. "Even if the market were to come down again, it would not be a dramatic drop."

Apart from such promising indicators, however, what also helped keep the market afloat last October - and what would help keep it afloat again, analysts believe - are several of the characteristics that make Tokyo less mature than leading Western exchanges.

For one thing, Tokyo is only now beginning to develop the wide

surpassed its precollapse peak to tive to bonds. While this was par-become the largest capitalized mar-ticularly evident in New York, able in New York, such as futures analysts say, the phenomenon was and options. While these tend to ntuate market movements in the United States, analysts say,

their absence in Japan has meant

the market would not come un-

hinged in a crisis as easily as Wall For another, the large proportion of shares held off the market in Tokyo's complex web of corporate cross-holdings - two-thirds of issued stock, by most estimates — also tends to limit the overall market's volatility. So, of course, do legal limits on how much an issue

can fluctuate in a given session. Foreign analysts acknowledge that the Tokyo market, by moving in marked contrast to other bourses, has now established itself as a genuine diversification opportunity among overseas portfolio managers. Reflecting this, foreign investors became net buyers of Japanese stock in the months following the October debacle for the first time in three years.

"It's pretty clear that the world is taking Tokyo more seriously now," said Eric Rasmussen, senior economist at Jardine Fleming (Securities) Ltd. in Tokyo. "There's been a huge realization that this market was not overvalued relative to earnings prospects and that the high P/E's were not out of line."

At the same time, however, there is an unmistakable sense in Kabutocho, as the financial district here is known, that the exchange, its regulators and its participants are only their laps.

Closely held stock in most major listings, the continuing power of speculative trading syndicates and a generally lower level of expertise than is found in New York or Lon-

don have long been seen as the downside of doing business here. But such features of the market, while still accepted locally, have come to seem increasingly inappropriate in recent months.

And insider trading practices, brought to international attention in a series of scandals over the past vear, are unlikely to disappear, analysts suggest, despite new legislation and private sector efforts to narrow the definition of what constitutes a legitimate flow of market information.

At the same time, there is increasing discomfort among both lo-cal and foreign brokers with many of the long-established peculiarities of the Japanese market, including government "guidance."

The internationalization of se curities trading means this market can no longer be a closed, cozy Japanese phenomenon — the lid is off," said Stephen Church, chief of research at UBS Phillips & Drew in

More controversial this year has been a series of market scandals involving executives at leading companies such as Nippon Steel Corp., Sankyo Seiki Manufacturing Co. and Nomura Securities Co. In one form or another, most of these are concerned with the use of privileged information in the market, whether it constitutes illegal insider trading or not.

Reflecting Tokyo's relatively primitive regulatory framework, the issue rarely involves a legal infraction and is usually debated in moral terms. In a current controversy involving the sale to government officials of unlisted shares in Recruit Cosmos Co., a high-flying real estate and publishing concern, the issues are excessive profits and public opprobrium, not whether the law was broken.

In part because of Tokyo's increasing international stature, the Finance Ministry, the Tokyo Stock Exchange, brokerage houses and corporations are all developing new regulations covering such problems as insider trading, the use of privileged information and the power of large share syndicates. While most of these rules will become operative within the next few months, the question is how effective they will be.

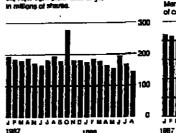
For one thing, politicians have been major beneficiaries of unscrupulous practices. In the Recruit scandal, for instance, Prime Minister Noboru Takeshita, Finance partly prepared for the prominence Minister Kiichi Miyazawa and oth-that has been thrust so quickly into er senior officials appear to have Minister Kiichi Miyazawa and othmade large profits by purchasing shares in the company at discounted prices and selling them soon after the stock was listed on the

> In all cases, the officials have denied that they profited from trading in Recruit shares, and have insisted that the shares were purchased without their knowledge by aides or friends of aides.

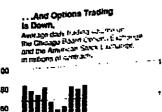
over-the-counter market.

For another, the availability of inside information and the influence of syndicates that manipulate the Tokyo market. Analysts say the emerging difficulties of several large real estate and stock speculators, for instance, is partly to blame for the market's dull performance over the past several months.

Investors Remain Wary Stocks Trading Clps Below Pre-Crash Levels. . . Average daily trading volunties New York Stock Excharance and Jones of Shares.







Caution Among the Major Traders Is Remaking Market Mechanisms

By Anise C. Wallace New York Times Service

NEW YORK - A year ago, institutional money managers would have snapped up shares of a blue-chip growth company if, in the absence of negative

news, it dipped by as much as a quarter of a point. But one afternoon recently, with these big players decidedly more cantious, the stock of the Warner-Lambert Co. slid by a point and a half on sell orders that totaled less than 5,000 shares.

The action in Warner-Lambert, or lack of it, is typical of how institutional investors continue to react in the wake of the steepest stock market collapse in history. Everyone wants to assess their risk exposure,

said Robert H. Morrison, head of trading at Fidelity Investments in Boston, which has \$75 billion in

This caution, along with other post-collapse changes in trading tactics, is having a marked impact on stock market liquidity — that essential swirl of buy and sell orders that keeps prices from jumping around wildly. The unwillingness to play the market as eagerly

as before is just one of several ways that these large firms have changed how they are managing their huge portfolios. They have also adopted new computerized market-timing strategies that automatically direct bil-

lions of dollars out of stocks and into bonds and Known as tactical asset allocation, this strategy uses computer models of the economy, interest

rates and stock returns to anticipate the direction of stock and bond prices. It has largely replaced portfolio insurance, which was a popular hedging strategy until it came under fire as adding selling pressure in last year's

At the same time, the money managers are increasing their interest in other investments, such as real estate and leveraged buyouts.

This has slowed the growth of money going into

Behind these broad changes is the shock the money managers felt last October, when, for the first time, they found that the stock market could

not accommodate their monstrous size. In fact, on an average day there is fully a third less liquidity on the New York Stock Exchange than on the busiest days before the 1987 disaster. according to Bridge Information Systems in St.

Bridge measures liquidity as the amount of net buying or selling of shares on a daily basis that will move a market index 1 percent.

Thus, as in Warner-Lambert, fewer shares will move a stock by a greater amount.

In the past, Wall Street's biggest brokerage houses were willing to lay their own money on the line to absorb institutional buying or selling pres-

Now they are less likely to "position these or-ders," as the practice is called, at prices at or near the previous trade in the market.

Few experts expect any help from Wall Street, in part because institutional money managers, under pressure from their pension fund clients, are pay-

ing brokers such skimpy commissions.

Their reduced trading and reluctance to take on more stock even at discount prices also make the firms less willing to commit their own capital to facilitate trades.

"Liquidity is not going to come back if we cannot make any money in this business," said Kent A. Logan, a managing director of Paine

The result is that Wall Street firms are positioning prices at deeper discounts or bigger premiums below or above the previous trade or are sending the orders directly to the floor of the New York Stock Exchange, where the impact is even greater.

Because they remain nervous about the structure of the stock market as well as the strength of the economy, pension fund and other institutional clients see capital protection as more important than the search for big returns.

"I don't think we've ever seen our clients so conservative about stocks," said Bruce Calvert, research director at Alliance Capital Management, a New York firm with \$35 billion under manage-

Such attitudes, of course, are crucial to the functioning of the New York Stock Exchange, because institutions, which control more than \$1 trillion in assets, account for nearly 75 percent of

The largest group of institutions is run by the "active" managers, those who make buy and sell decisions based on fundamentals about the company's earnings and assets.

The other group, which controls just a quarter of institutional stock assets, includes the "passive" managers, those who use computer models in an attempt to provide returns equal to or slightly better than a market index such as the Standard & Poor's 500.

Ironically, in this post-collapse market, their labels actually contradict their behavior.

Many "active" managers are trading less than they did in the past because they have less confidence in the prospects for the stock market. But "passive" managers continue to trade ag-

pressively as they seek to enhance their returns by capturing short-term profits from disparities in the stock and futures markets - a strategy known as index arbitrage.

For liquidity purposes, the volume picture is even worse than it seems.

Even though reported volume on the NYSE is off only 10 percent from last year's record levels, when stock index arbitrage and dividend captures. another relatively new short-term strategy, are excluded, volume is actually running at half of last

This year, for example, the annual turnover rate of stock portfolios at IDS Advisory Group has fallen below 50 percent from last year's level of 80 percent, said Peter Anderson, president of the

under management.
What institutions are finding is that the lack of liquidity makes it more expensive to trade simply because they must pay more when buying stocks and receive less when selling.

FRENCH COMPANY **DBOOK 1988**

Now in the 1988 completely revised and updated edition, almost 200 pages of indispensable information in English on a selection of 85 of the most important French companies, as well as basic facts on other major firms. Includes information on the French economy and major sectors of activity, an introduction to the Paris Bourse, and a bilingual dictionary of French financial terms.

Each profile includes detailed information on: head office, management, major activities, number of employees, sales breakdown, company background, shareholders, principal French subsidiaries Europe. Three or more copies, 20% reduction. and holdings, foreign holdings and activities, exports, research and innovation, 1982-1986 financial performance, 1987 financial highlights, and

AÉROPORTS DE PARIS AEROSPATIALE AIR FRANCE ATOCHEM AVIONS MARCEL DASSAULT-

BREGUET AVIATION AXA [MUTUELLES UNIES-DROUOT-BANQUE NATIONALE DE PARIS-BNP BANQUES POPULAIRES **BÉGHINLS**AY BOUYGUES

CAMPENON BERNARD CAP GEMINI SOGETI CARNAUD CEA-INDUSTRIE CERUS CGEE ALSTHOM CGIP (COMPAGNIE GÉNÉRALE D'INDUSTRIE ET DE PARTICIPATIONS) CHARGEURS S.A.

CLUB MÉDITERRANÉE

COMPAGNIE DU MEDI

DOCKS DE FRANCE

CAISSE NATIONALE DES

COMPAGNIE FINANCIÈRE DE CRÉDIT INDUSTRIEL ET COMMERCIAL-CIC GROUP COMPAGNIE FINANCIÈRE DE COMPAGNIE GÉNÉRALE D'ÉLECTRICITÉ (CGE) COMPAGNIE GÉNÉRALE DES EAUX COMPAGNIE LA HÉNIN CRÉDIT AGRICOLE DE FRANCE (CCF) CRÉDIT LOCAL DE FRANCE CAECL S.A. CRÉDIT LYONNAIS CRÉDIT NATIONAL

ELF AQUITAINE BMC-ENTREPRISE MINIÈRE ET CHIMIQUE EPÉDA-BERTRAND FAURE ESSILOR FRAMATOM FRANÇAISE HOECHST GMF GROUP (GARANTIE MUTUELLE DES FONCTIONINAIRES) GROUPE DES ASSURANCES NATIONALES (GAN) BM FRANCE IMETAL LEGRAND L'ORÉAL LYMH MOËT HENNESSY LOUIS VUITTON LYONNAISE DES EAUX

MERLIN GERIN WICHELIN PEUGEOT S.A. POLIET PRINTEMPS GROUP LA REDOUTE RHÔNE-POULENC ROUSSEL UCLAF SAINT-GORAIN SALOMON SCHNEDER SES GROUP SEITA SEMA-METRA SOCIÉTÉ GÉNÉRALE D'ENTREPRISES-SGE SODECHO

SOMMER ALLIBERT SPIE BATIGNOLLES TELEMECANIQUE THOMSON

TOTAL-COMPAGNIE

VALLOUREC

PARTS (UAP)
UNION DES ASSURANCES
DE PARTS (UAP)
USINOR SACIOR

1987/1988 important developments, strategies and trends.

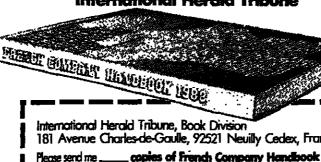
Indispensable for corporate, government and banking executives, institutional investors, industrial purchasers and other decision-makers who should be more fully informed on major French companies. French Company Handbook 1988 is being sent to 8,000 selected business and financial leaders in the United States, Japan, Southeast Asia, China, the Middle East and Western Europe.

Other interested parties may purchase the Handbook at \$59.50 per copy, including postage in Outside Europe, please add postal charges for each copy: Middle East, \$4; Asia, Africa, North and South America, \$7.

Herald Eribunc.

FRENCH COMPANY HANDBOOK 1988

Published by International Business Development with the International Herald Tribune



]	International Herald Inbune, Book Division 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Please send mecopies of French Company Handbook 1988.
	☐ Enclosed is my payment. Payment may be made in any convertible European currency at current exchange rates. ☐ Please charge to ☐ Viso ☐ Diners ☐ Amex my credit cord: ☐ Europard ☐ Access ☐ MasterCord
į	CARD NUMBER BXP. DATE
I	SIGNATURE
Ī	NAME fin block letteral
Ī	POSITION
;	COMPANY
I	ADDRESS

CTY/COUNTRY/CODE

American Exchange Options

Figures as of close of trading Friday.



17-10-88

Tough act to follow.

C. A. M. S. OFD MAN DESIGN OF STATE AND AREA STATE OF A STATE OF A

the South proposed will through family the cutters ending) the country of hand he would us appeal for direct us the indirect less in the fell was the fell on the fell of the fell of the fell was the fell wa c sufficiently that is

or to accept any a country to North keep commer countries the countries the with North Korney anterests on the life. Interd Nations have present or assessing in the inter-nation by assessing in the inter-national control of the international department.

ed on this "he at it I much National ole by uself in the n Other countries! th Tim, biga scale of i. Gestures to by Sending of The Sa United States is on one modest busper Department offer

美宝

sough the official; that no final desp nade they indend n was likely to shelf assurances of the atwithingness to make it when the two less nierali.

unelear when he i ने क शामनातात ।।।।। tems the steps me: eration are the me ated diplomatices 1 S and North Las term atom of the ray on North Roman consumagement die e administrativa sig-

what one afficie ichient approadh ere With the Emn prohibits tradere to North Rotes ar administration 2 and applications under in Alexa suburc tarrespondence des of the assure.

ONE YEAR LATER: Wall Street is still badly maimed, but forecasts of broader economic collapse now seem overwrought

In Frankfurt, the Aftermath Leaves More Germans Holding More German Shares

By Ferdinand Protzman

tional Revold Tribune FRANKFURT — When West German analysts and bourse officials had Imished sifting through the rubble of the stock market collapse last year, they made a wholly unexpected discovery: For the first time in three years, domes-tic investors held more shares on German exchanges than did foreign ones.

The violence of the debacle, it seems. had chased foreign investors home and put more German shares in more German hands

Bank GmbH in Frankfurt. "What happened on Wall Street was a shock, but he real decline came with the dollar's isharp depreciation against the mark.

There were great fears that our export industry would suffer a loss of competi
and often criticized structure of West

Alarmed by the dollar's seeming free immediate impact of the stock rout.

There is no options market in W ed West German stock trading since Germany, so there was no program trad-

1984, took the profits accumulated in the previous bull market and ran.

Werner Schwilling, executive vice president in charge of securities trading for Deutsche Bank AG in Düsseldorf. said that foreign investors sold West German stocks worth about 10 billion Deutsche marks (\$5.49 billion) from the end of October 1987 to the end of May. He estimates that some 50 billion DM of West German stocks was in foreign hands at the time of the collapse.

"This actually created a positive con-sequence from the crash," he said.
"These shares were bought by domestic investors, and that is significant because "Somehow, the crash wasn't really important here," said Dieter Wermuth, an economist at Manufacturers Hanover oriented investors. The crash didn't make them more stock shy - it aroused interest in equities." While purchases by domestic inves-

German stock trading that softened the There is no options market in West

"Trading was never halted here, because It was, however, a wrenching shift it is done through the commercial banks. The Bundesbank's stock index fell 28.8 Tracing was never halted here, because lows banks to trade securities, helped us

Unlike brokers in other countries, even market makers, the banks were never threatened with a shortage of liquidity, he added. "Their financial reserves far surpass those of any broker. The capital background of the West German "West German shares" stock exchanges is completely different from Wall Street."

Statistics from the Bundesbank, West Germany's central bank, bear out the shift in market dominance. In October 1987, foreign investors sold 3.59 billion DM worth of German shares, contrasting with purchases of 872 million DM the previous month. They remained net sellers until July 1988.

Meanwhile, domestic investors bought 7.61 billion DM of West German stocks in October 1987, contrasting with sales of 64 million DM the month be-

ing or hedging, which was a major factor chases by domestic investors has since in New York," Mr. Schwilling said. averaged around 2 billion DM.

The universal banking system, which allows banks to trade securities, helped us from 263.0 at the end of October 1987. During that span, the market value of West German equities plunged more than 50 percent, to 31.27 billion DM from 75.17 billion DM. The market's capitalization has since recovered to

> West German shares went off on one of the strongest negative tangents of the world's bourses after the crash," said Margot Schoenen, who heads the stock analysis department at Westdeutsche Landesbank Girozentrale in Düsseldorf. "One reason was that foreign investors pulled out."

> Foreign investors were attracted by the prospect not just of rising prices, she added, but also by the potential for exchange-rate gains based on the strength of other currencies against the Deutsche mark. But as the mark appreciated they took their profits and ran.

The post-crash weakness also had a

Joseph DiMartino

Dreyfus Corp.

Ken Leibler

change.

President and chief operating officer,

I think what Oct. 19 showed us

is the mechanism we operate within — the financial markets

- has to be treated with defer-

ence. What happened on Oct. 19

was that we learned that for very

little money people can leverage up. Buying futures has its effect on the stock market. A lot of

people have focused on program trading and the derivative instru-

ments. Every time these are boughtor sold they affect the

President, American Stock Ex-

The worst didn't happen.

There are forces — with some beyond and some within our con-

trol -- that have made the market

more volatile. Key changes

haven't been made in the coordination of the futures and stock

markets. Nowhere else in the

world do the futures and stock

markets come under different

The economy is in better shape

market. What Oct. 19 pointed out is that price can change

without respect to the real value of the stock. This has created the

fragility in the system. We also learned that this fragility can make the market a one-way street with nothing to buffer it or stop

than I would have expected. The flight of the individual investor

technical cause," Ms. Schoenen said. for West German shares currently how-more difficult. "You don't find sales dures on Germany's stock exchanges, an also said there is still potential for prices you absolutely have to have this compainvestor can sell stock and get the money in two days. Many investors, particularly foreign investors, needed quick cash to fill holes elsewhere and they took advantage of the rapid settlement here."

trading at Industriekreditbank AG in nome forecasts which followed the colDüsseldorf, said the dollar's steep, postOctober slump to a low of 1.58 DM on gross national product growth, slumping
Dec. 31, 1987 would have hurt the West
German market whether the stock col
—were not coming true. lapse occurred or not. He pointed out

that the market remains very exchangerate sensitive.

"Foreign investors were in German
stocks largely as a currency speculation, and that is no longer a factor," Mr.
Neubeck said. "West German investors place their funds much more calmly, and with a longer-term view which has do with a longer-term view, which has decreased the volatility somewhat. Barring disturbances from exchange rates, we are fairly confident that prices will continue the stock market and have no plans to Mr. Braun said his worst-case scenario

to gain through the end of 1988."
With the average price/earnings ratio

"Because of the good settlement proce- ering between 11 and 12, other analysts people or portfolio managers who say to rise, though their buy recommendany or that company," said Ruiger Braun, tions center on a handful of blue chip a Frankfurt-based equities analyst for issues. Chemical stocks were the one the Matuschka Gruppe, a leading investment advisory and venture capital group. He also believes the current rally

I holts elsewhere and they took advange of the rapid settlement here."

The recovery began during the winter group. He also believes the current rally as investors realized that the bleak ecois less robust than some claim.

Time is growing short before we have lapse — scenarios featuring little or no 2 correction," he added, "Liquidity is gross national product growth, slumping not flowing into the stock market, and corporate profits and dwindling exports the breadth of the market is bad. The were not coming true.

- were not coming true.

- were not coming true.

- rally is concentrated on blue chips, while other issues are not doing nearly as well.

suffered. Many of them have since mistic.
turned their backs on stocks." One Whil Frankfurt banker who asked not to be also seen as unlikely because the economic agreed: "I am completely out of nomic background is vasily different. return," he said.

Advising investors has also become

While a repeat of Black Monday is

includes the possibility of a series of "minicrashes."

IMPACT: What Catastrophe?

(Continued from page 1)

ly," said Brendan Brown, chief economist at London's County NatWest investment bank.

Citing estimates of a staggering \$1 trillion overnight loss in worldwide purchasing power—the sum of the market capitalization wiped out in the crash—numerous economists had predicted a collapse of international confidence and sharp curbacks in personal spending that would halt or at least severely slow economic growth.

CONOMISTS also cited the likely impact of the the socalled "wealth effect" theory, according to which people who suddenly feel poorer are much less inclined to spend money. According to this theory, every dollar decline in consumer wealth would trigger spending cuts of between 3 cents and 6 cents — yielding a projected loss in consumer spending of between \$30 billion and \$60 billion.

Nothing of the sort happened. In the fourth quarter of 1987, the quarter of the market collapse, U.S. personal consumption after adjusting for inflations shipped just \$16 billion, or 2.5 percent. And for most of 1988, consumer spending and retail sales have been increasing at such a fast clip that economists have been citing the worry of renewed inflation.

Reflecting the views of many private economists, Jean Cheval, chief economist at the Banque Indosuez in Paris, said he has come to "the paradoxical or unexpected conclusion that the crash largely spared the real economy and concentrated its negative effects on the financial sector."

It is not that economists believe that the world has suddenly righted itself and no more dangers he ahead. The world's major economic imbalances - notably the U.S. twin budget and trade deficits - have not yet been corrected, growth is widely expected to slow next year and many economists are concerned about a resurgence of inflation.

Beyond that, a number of leading authorities continue to maintain that while the crash made hardly a dent in economic prosperity, it revealed serious defects in the financial system which still need urgent attention.

Felix G. Rohatyn, a senior partner of Lazard Frères invest-ment bank in New York, warned this month that a second and more devastating crash could occur unless fundamental reforms are made to the system. "Practically nothing has been done to prevent a recurrence," he wrote in Time magazine.

He added: "We have yet to address the basic problems: excessive volatility, excessive speculation, excessive use of credit and inadequate regulation."

Avner Arbel, a professor of finance at Cornell University and author of a forthcoming book entitled "Crash," says that the upheaval in world markets last October was "not the result of an conomic crisis but a financial crisis." But, he adds, "The scary thing is that since then nothing has been done to fix it."

HE DISEASE that suddenly attacked the world's stock markets last October was "misdiagnosed" as being of economic origin when it was really "a crash of the market mechanism," Mr. Arbel said. That "misreading of the message" led to the erroneous predictions of recession.

The stock market crash was "a gigantic technological accident" brought on by a failure of the system, said David Hale, chief economist at Kemper Financial Services in Chicago. John Phelan, head of the New York Stock Exchange, said much the same thing last week: the crash was caused by internal technical market problems, not economic factors.

Many analysts agree that the panic selling of last October was at least partly prompted by bad economic news —including what seemed like disastrous U.S. trade figures, poor corporate earnings reports, rising long-term interest rates and a sharp clash over monetary policy between Washington and West Germany.

But, they say, the market exaggerated the importance of these temporary factors, which masked the real underlying strength of the world economy. Nevertheless, there is widespread agreement that shockwaves from the crash could still have caused serious economic and financial damage had it not been for the rapid decision by central banks in most of the major industrialized countries, and particu-larly the United States, to pump billions of dollars into the

"The stock market shock was absorbed without any major upset thanks, in particular, to the abundant injection of liquidity by the central banks," Jean-Claude Paye, Secretary General of the Paris-based Organization for Economic Cooperation and Development, said in a speech this mouth.

In the United States, the Federal Reserve turned its monetary taps wide open in the days and weeks following the collapse, pumping up the monetary base, the core component of the money

supply, at an annual rate of some 40 percent.

This flood of liquidity, matched to varying degrees by other national central banks, had a double effect on the world financial system. It restored confidence by making it clear that funds would be available for brokerage houses and financial institutions in difficulty. And it stimulated the Western economies by pushing down interest rates sharply over the following months. U.S. short-term interest rates, which had risen sharply just before the crash from 7.5 percent to 8.5 percent, fell back quickly to 7 percent and were down to 6.5 percent by February. Corporate bond rates, which peaked at 10.8 percent in early October,

HE FEARED "wealth effect" also proved illusory, mainly because initial calculations vastly overestimated how much poorer people would actually feel after the crash. Early calculations also failed to take sufficient account of the long

were down to 9.3 percent by the end of February.

period of wealth accumulation that preceded it. Trying to gauge the wealth effect was "an experiment one had to live through," Mr. Brown said. "In future, economists will view the phenomenon on a somewhat longer term basis."

Equally, Mr. Brown said, most economists last autumn were still unaware of the coming business investment boom throughont the industrialized countries. "A lot of that was probably already in the pipeline. But it was not visible, it was not taken on

Added to that, economists now point out, was the delayed impact of the decline in oil and commodity prices in the first half of 1986, which did not begin to exercise its stimulatory effects on the world economy until 1987.

Furthermore, some analysts now say, the market collapse may have had the perverse effect of giving business investment boom a shot in the arm by encouraging borrowing at the lower interest

rates that followed. Many economists believe that the real test still lies ahead once the U.S. election season is over. There are widespread fears that the decline in the U.S. trade deficit may come to an end in 1989, following this year's rise in the dollar, and there is anxiety that the new U.S. administration may not act decisively enough to cut the budget deficit.



fore. The monthly volume of stock pur-

Some Authentic Passenger Statements

When the stock market collapsed on Oct. 19, dire predictions were when the stock market cottapsed on Oct. 19, are predictions were made about the ability of the U.S. economy to rebound from such a cataclysmic event. Yet, 12 months later, according to many experts, the economy and the financial markets are sound. Joel Kurtzman of The New York Times talked to several experts about what they have learned since the stock market fell.

Nathan Gantscher

President and chief operating officer, Oppenheimer & Co.

We are not seeing individual investors coming back into the market. Volume is slow and industrial and individual business is down 30 to 50 percent. Since Oct. 19, we have been in the doldrums. Companies have been shifting their businesses into mergers and acquisitions, corporate finance and arbitrage. These

were in place prior to the crash but have now assumed a greater importance. The first thing we saw was Wall Street firms getting rid of fat Since then, we've seen some cutting muscle — Paine Webber's recent layoffs in investment banking, for instance. The problem is that maybe some of the people who have been let go were not productive on a short-term basis, but when things heat up again,

they will be needed. In the aggregate, Wall Street is capable of weathering this period because the capital is so much heavier than in the past. People are not talking about the viability of firms, simply they have to learn how to manage their businesses like busin

Louis Sperber

Senior partner, Sperber-Adams &

What I observed was that some of the crash was caused by the "herd effect." Forty percent of the business I did around Oct. 19 was from people who wanted to buy or sell before the markets even opened. Fear cut across both the sophisticated and the amateur investor.

What has been happening since Oct. 19 is that small investors have taken the position that

they want cash and safety and that they feel safety is not to be found in the stock market. Investors are looking for bonds. They think "why not get a sage 10 percent in a bond instead of risking it in the market." On the other hand, those investors who didn't run for the hills are still in the market.

The small investor will not be coming back into the stock market for a long time. I, like a lot of others in this business, will just have to sit right.

Leo Melamed

Chairman, Chicago Mercantile

The first thing we learned from Oct. 19 is that it won't repeat itself. It doesn't mean the market won't go down, but that it won't do it all

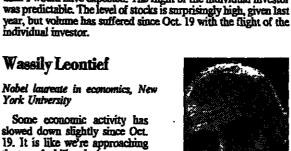
We also learned that the futures markets are no place to frolic and gamble, but are instead integral parts of the financial markets. Even for the people on the New York

Stock Exchange, the futures market
can't simply be wished away.
Since Oct. 19, we have created provisions for the coordination of the two markets - the New York Stock Exchange and the Chicago Mercantile Exchange — that include necessary circuit breakers. When these provisions for coordination are approved, it will put in place a system of comprehensive coordination.

Since last October, volume has declined about 40 percent on Standard & Poor's futures index trading. But overall volume on the Chicago Mercantile Exchange is down only 6 to 7 percent.







slowed down slightly since Oct.
19. It is like we're approaching the top of a hill and when you are on the top of a hill it is quite clear that you must go down. No one can expect the economy to go upward all the time. But when it comes to the downturn, no one can say when it will happen.

We have learned that the crash was a technical crashand that in spite of it the economy remained robust. This is clear. I suppose that many precantions have now been made to prevent another. technical crash. The markets are now like the space shuttle. We weren't very careful before the disaster, but now we are.

Robert Dallek

Professor of history, University of California at Los Angeles

The only thing we learn from history is that we never learn -to paraphrase Hegel. I have the impression that the crash has disappeared from the public mind and the administration's thinking. I see no indication that the administration is responding to the crash largely because the economy is buoyant. It has faded from view and has been eclipsed by prosperity. And the Demo-



crats haven't made use of it in the campaign. Only subtle economists and scholars are really concerned.

Mask Damage Across Europe LONDON — One year after Black Monday, most European stock markets have clawed back Britain Index

Short Memories

from the depths; investors might almost be tempted to feel it was all

just a bad dream. From Milan to Frankfurt, share prices are testing the year's highs and the talk in London, where the recovery has been more cautious, is of funds being switched to Europe's smaller markets.

But equity analysts warn that the recovery paints a misleading picture: Investor confidence has been shaken; trading volumes remain depressed; and European markets are still well down on peaks in the bull stampede before the Oct. 19,

1987 collapse.
"It is easy to forget that markets are still below historic highs," said James Comish, European market strategist at County NatWest Ltd.

Analysts believe talk of another

have been buoyed partly by relief that Black Monday did not usher in a 1930s-style Depression, but also by increasingly strong economic growth_

That has been particularly true in West Germany. And the Milan market has surged after Italian Prime Minister Ciriaco De Mita's success in pushing through a major reform of parliament that will abol-

down to a more normal pattern. While continental markets have

been advancing, the riddle remains London, where the widely watched Financial Times 100-share index closed Friday at 1.840.6, just above its immediate post-collapse low of 1,801 and 24.7 percent below its alltime high three months before the

"We've got to see mambiguous evidence that the deficit and infla-tion rate are on the mend before the FTSE can get back up to around the post-crash highs," said Jeffrey Thompson, equity strategist at the Barclays de Zoete Wedd brokerage. A sampling of European markets

and how they fared: Milan surged on Friday to a new 1988 high, bitting 1,175 on the ex-change's MIB index, but prices are still about 37 percent down on the 1986 all-time peak. County NatWest's Mr. Cornish said, "Italian stocks still look very cheap."

Frankfurt's 100-share FAZ index closed last week at 529,06, margin-ally off 1988 highs but also almost



West Germany Index

France Index

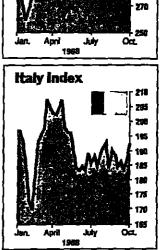
bull market is premature. This is particularly true of London, where the recovery has been lackinster after the collapse wiped nearly £100 billion (\$175.5 billion) off share one year ago.
In continental Europe, stocks

ish virtually all secret voting.

But the main lesson of Black

Monday, analysts say, is that the highs of the buil market in 1987 and in some cases the peaks date back to 1986 - were wildly inflated and that trading is now settling

The long drag back has been far from smooth; investors are unsettled by high British interest rates. rising inflation and a growing current-account deficit



Market capitalization-weighted indexes, in U.S. dollars. Indexes based on Jan. 1, 1970 = 100.

30 percent down on the all-time peak in West Germany's 1986 bull market. Share volume on the nation's eight bourses is also running about one-third down on last October's levels. · Paris reflects a similar story. The

CAC index of 244 leading shares held just below 1988 highs at the end of last week. It is now about 3 percent above levels just before Black Monday, but 17.2 percent down on highs in March 1987.

Between October 1987 and March this year, the Paris stockbrokers' association lost 1.25 billion French francs (\$201 million), virtually wiping out its bail-out fund and forcing its members to underwrite a huge capital increase. Brokers now say the market may be

• Madrid encountered the collapse

one day later than most other markets, but suffered its biggest oneday loss. Prices have just about recouped lost ground, but Friday's close of 283.77 is still about 13 percent below pre-collapse highs.

Stockholm's bourse index ended the week on a strong note at 922.42, 6.6 percent down on the all-time high just 10 days before Black Monday but well recovered from lows at 607.90 in the wake of the

but has been edging back up of late.
It reached pre-collapse highs earlier this year on the back of buying of Belgium's biggest company, Socié-te Générale de Belgique, in a takeover battle.

• Zarich is still trading about 20

percent below levels just before Black Monday. The market has advanced cantionsly.

vestor for more than 20 years," almost exclusively to individuals, acknowledged Mr. Einhorn. The reasons are understandable, ee, almost 24 percent. For the in-(Continued from page 1) vestor for more than 20 volume on the New York Stock acknowledged Mr. Einhorn.

Exchange so far this year, com-pared to an estimated 29 percent last year, according to the Securi-ties Industry Association. In August, however, retail investors were net sellers of 200,000 shares, after being net buyers of 3.1 million shares in July.

ket, dampened enthusiasm. The loss of even marginal activity will shares in July.

Market specialists argue that the loss of even marginal activity will ulation, and individuals discovered just add to the woes of a market

collapse, such as unanswered phones at brokerages, left a legacy missed nowadays. Although few not included. of suspicion. The stock market is analysis believe individual inves-

inous to the over-the-counter mar- such as merchant banking.

no longer viewed as a level playing tors are needed to sustain a market rally any more, their absence has

inclination to reestablish their pres- at regional firms is down 16 percent trading became so prominent.

Market specialists argue that the

More serious problems, analysts temporary setback in earnings. On contend, could emerge. Although average, individuals will hold on to rally any more, their absence has the stock market communes to occur a stock for 3 to 10 years. As a result their participation tends to lessen their participation tends to l the stock market continues to be-

from last year.

At the end of the first quarter, Albany. "They're absolutely cruaround, the number had dwindled
"We've been losing the retail in
At discount brokers, who cater there was roughly \$3.1 trillion cial for the diversity of the market." to 45.1 million.

The market downturn in 1973 and dustry as whole, revenue per can1974, followed by a new-issue bust ployee is up 2.2 percent thanks to can households. By comparison, inin 1983 that proved particulary rucost reductions and other activities, dividuals owned 75 percent of the less volatility. \$2.9 trillion in stocks at the end of

However, the crucial difference monthly trade results continue to just add to the woes of a market for the market now is that these roil the market are grim reminders Just as worrying to market specialists is evidence of public miscreative from the decade, as high interest rates seandals, program trading and the granteed attractive yields on a sun or the wood of a market lost of the market lost of public miscreative from the decade, as high interest rates seandals, program trading and the granteed attractive yields on almost 19 percent lower than last longitudinals behave very differ-

problems that many individuals money market funds and certification for the incentives confronted right after the market cates of deposit.

In the market lands and certification for the incentives confronted right after the market cates of deposit. ates of deposit.

previously thought, if trades simed pared to institutions. They are less are not as appealing. Before tax Still, retail investors are sorely at capturing dividend payments are performance driven and are more reform, the highest income tax tal gains were 20 percent. Today both are 33 percent. Moreover, older investors who are 30 percent. Moreover, older investors who are some and out of the wake of the collapse. willing to forgive management a bracket was 50 percent, while capia stock for 5 to 10 years. As a result, er investors who profited from the

bers," said Mr. Johnson of First by the time last Oct. 19 came

INVESTORS: Wall Street Wonders When, or If, the Little Guy Is Coming Back

The fact that interest rates have been rising this year and that the

MONDAY SPORTS

SIDELINES

Ireland Wins Dunhill Cup Team Golf ST. ANDREWS, Scotland (AFP) - Ireland won the Dunhill Cup

team golf tournament for the first time on Sunday with a victory over third-seeded Australia in the final

Victories by Des Smyth and Ronan Rafferty over Rodger Davis and David Graham in the first two of the three matches gave the eighthseeded Irish the title. Earlier Sunday, Ireland had defeated England, 2-1, in a semifinal suspended late Saturday because of fog. Australia had

defeated Spain, 2-1, in another semifinal Saturday.
In the playoff Sunday for third place, Spain defeated England, 2-1.

Pavin Has 5-Stroke Lead in Texas Golf

SAN ANTONIO, Texas (AP) - Corey Pavin shot a four-under-par 66. stretching his lead to five strokes after three rounds of the Texas Open Golf Tournament on Saturday.

Pavin's 17-under-par total of 193 matched the low 54-hole total on the PGA Tour this year. Tom Pernice birdied two of the final three holes for a 67 and was second at 198. Tom Kite recovered from a double bogey and compiled a 69, leaving him in third place at 200.

Final Day at Belmont Is Canceled

NEW YORK (AP) — The closing day of racing at Belmont Park on Monday has been canceled in deference to the funeral of the jockey Michael Venezia and because of a threatened strike by the track's jockeys over demands for pay increases and improved safety standards.

Gerard S. McKeon, president of the New York Racing Association, announced the cancellation of Monday's card Saturday afternoon, shortly after the running of the Champagne Stakes. McKeon said he had already been "leaning" toward canceling Monday's card because of the funeral of Venezia, 43, a jockey who was killed in an accident during a race Thursday.

Earlier in the day, the jockeys had announced that they would strike the Monday races and set up a picket line unless owners and trainers grant them immediate pay increases. The dispute is over the schedule of fees jockeys receive for finishing second or third in races. In every racing state except New York and Louisiana, riders receive at least 5 percent of the purse money earned by second- and third-place finishers. In New York, unless they negotiate privately with owners and tramers, riders receive a flat fee with a maximum of \$450.

NBA Rockets Sign Top-Pick Chievous

HOUSTON (AP) - The Houston Rockets have signed their firstround draft pick, Derrick Chievous of Missouri, to a three-year contract, ending a weeklong holdout just a day before the National Basketball Association team's exhibition opener in Milwaukee.

Chievous, a forward, signed a contract on Friday reportedly worth about \$1 million. His contract negotiations extended past the start of training camp Oct. 8, and Don Chaney, the Houston coach, said Chievous's late start may delay his entry into the rotation until mid-season.

Estrada Keeps Jr. Featherweight Title

OSAKA, Japan (AP) - Juan José Estrada of Mexico scored a technical knockout Sunday over Takuya Muguruma, his Japanese challenger, to retain his World Boxing Association junior featherweight title.

Muguruma's corner threw in the towel 2 minutes into the 11th round after Estrada knocked down the challenger for the second time.

For The Record

ACROSS

18 Hindu woman's 19 Comedian King 20 Sarcastic term

for a household

23 Adriatic, e.g.

Sullivan

28 Skin layer 31 Run away to be 36 Senator from

38 "Norma 39 Coral Islands

43 Whole

46 Rabies

47 Luges

40 Impending evil

44 "The Greatest"

45 Crack in flesh

49 Twilight time, to

Tennyson

52 "My Gal -----"

63 Domesticated

50 Corpulent

62 Taxx rider

64 Chemical

66 Cry of sorrow

67 Acting parts

70 Vase handles

DOWN

1 End piece of a

2 Lowest lemale voice

3 A memorable

4 City on the Aire

6 Part of M.V P.

8 Şinger Brewer

10 Getz or Kenton

China

9 Life: soul

11 Kind of shirt 12 General Bradley 13 Half a score

5 Performed alone

7 Baby's nurse, in

65 Alar

68 Peruse

69 Doctrines

Islands

25 Old car

22 Vinegar: Comb.

26 Soft and fluffy

openings

29 U.K. airmen

32 Tuft of hair

newcome

35 W. German city

37 Greek goddess

39 Surrounded by

34 U.S N.A

of strife

41 Preliminary

42 Cakes and

48 African desen 51 Central Asian

Untouchables'

59 Good for what

---- you

60 Concept

61 Kennedy

62 Pro

47 Purloins

range 53 Citrus fruit

54 Cloak

55 Region 56 Transmi

54 Visionary project 33 Kukla, Fran and

30 Olympic award

or danger

24 Pouch

1 Campus

15 Presage 16 Weighty book 17 Neighbor in "!

buildinas ----- Hari 10 Detect 14 Oil: Comb. form

Mary Staney of the United States overtook Christina Cahill of Britain with a quarter of a mile (about 400 meters) to go and won the 20-block Mercedes Mile in Manhattan in 4 minutes, 20.03 seconds on Saturday. Steve Scott of the United States won the men's race in 3:53.43. (NYT)

The Spanish Cycling Federation rejected on Saturday an appeal by the Irish cyclist Sean Kelly of a positive drug test given in Spain in April during the Tour of the Basque Country, confirming a three-month ban



A triumphant Pat Terrell of Notre Dame after blocking Miami's last-minute two-point conversion.

Patriots Upset Bengals

The Associated Press FOXBORO, Massachuseus —

leggie Dupard ran for two secondhalf touchdowns after the New England Patriots had intercepted four passes by Boomer Esiason on Sunday to upset the Cincinnati Ben-gals, the National Football League's last unbeaten team, 27-21. Esiason, the American Football Conference's top-rated quarterback,

NFL ROUNDUP

had thrown just three interceptions in his first six games. The Bengals had only eight turnovers in six games; they had five on their seven first-half possessions Sunday. But Esiason led Cincinnati, 6-1,

back from a 20-0 deficit and cut it to 20-14 with 59 seconds left in the third quarter when he threw a 26yard TD pass to Eddie Brown.

Browns 19, Eagles 3: In Cleve-land, Don Strock, 37, a fourthstring quarterback making his first start since 1983, threw two secondhalf touchdown passes and Cleve-land sacked Randall Cunningham nine times for the Browns victory over Philadelphia.

Strock, a former Miami quarterback signed by Cleveland a month ago, broke a 3-3 tie with five min-

pass to Webster Slaughter over Philadelphia cornerback Eric Allen. The extra point was blocked.

Bears 17. Cowboys 7: In Chicago, Jim McMahon's 39-yard touchdown pass to Ron Morris and a 4

Colts 35, Buccaneers 31: in Inthange, Tookie quarterback Chins anapolis, rookie quarterback Chins Chandler passed for 240 yards and a yard reverse touchdown run by touchdown and ran for another Dennis McKinnon led the Bears score as the Colts edged Tampa Bay. past Dallas.

Any hopes Dailas had for an the Cowboys' third play from of 15 Minnesota penalties to upoet scrimmage. Danny White took over the Vikings. but was sacked five times.

Ollers 34, Steelers 14: In Pittsburgh, Warren Moon, playing for the first time in six weeks, threw for two touchdowns and Honston turned two blocked punts and four Pittsburgh turnovers into all but six of its points.

Moon, who had been sidelined with a fractured shoulder blade, threw scoring passes of 43 yards to Ernest Givins and 24 yards to Drew Hill, while Mike Rozier and Allen Pinkett scored on short runs. Giants 30, Lions 10: In East

Rutherford, New Jersey, Phil

utes left in the third quarter when he lobbed a 15-yard touchdown Allegre kicked three field goals a the New York offense scored on its first four possessions of the second

Hace II

half to defeat Detroit.

Packers 34, Vikings 14: In Minneapolis, Don Majkowski passod upset were diminished when Steve for 243 yards and Max Zendejas Pelluer, the starting quarterback, tied a club record with four field left the game with a concussion on goals as Green Bay took advantage

Tommy Kramer, who started at quarterback for the Vikings, was for-12 for 37 yards when he had beached with 2:14 left in the first half. Wade Wilson replaced him and finished 17-for-26 for 248 yards.

Redskins 33, Cardinals 17: In Washington, Mark Rypien threw four touchdown passes, two each to Art Monk and Gary Clark, as the Redskins ended a four-game Photnix winning streak.

Raiders 27, Chiefs 17: In Kansas City, Missouri, Bo Jackson gained 70 yards and scored a touchdown in his 1988 NFL debut to lead Los

Notre Dame Thwarts Miami, 31-30; UCLA Wins

Oklahoma 70, Kansas St. 24: In

Norman, Oklahoma, backup quar-

terback Charles Thompson ran for

three first-quarter TDs and passed

son. South Carolina, fullback Tra-

cv Johnson scored twice and quar-

terback Rodney Williams accounted for two other scores.

Alabama, Stacy Danley rushed for

two touchdowns, James Joseph

29 84 19 66

Auburn 42, Akron 0: In Auburn,

Clemson 49, Duke 17: In Clem-

for a fourth to lead the Sooners.

SOUTH BEND. Indiana -Fourth-ranked Notre Dame got its long-awaited revenge Saturday, de-feating No. 1 Miami, 31-30, as Pat Terrell, a free safety who earlier returned an interception 60 yards for a second-period touchdown,

broke up a two-point conversion pass with 45 seconds left. "This was a win by the Notre Dame spirit," Coach Lon Holtz said. "It was a win by the spirit of a group of guys who just refused to fold and believed. You can't pick out a hero. Notre Dame was the

Notre Dame had been waiting three years to atone for a 58-7 loss to Miami in Gerry Faust's final game as coach. The Irish lost a rematch last season, 24-0. Notre Dame broke a 21-21 tie

when Pat Eilers, a wingback, ran two yards for a third-quarter touchdown, the first of his career, two plays after the Irish turned

Reggie Ho's 27-yard field goal

Miami scoring threats in the final

"It should not have come down to a two-point conversion," said Coach Jimmy Johnson of Miami,

COLLEGE FOOTBALL

whose Hurricanes had seven turnovers. "There is no way we could have made as many mistakes as we did and won the game."

Miami's loss was its first in 36 regular-season games. UCLA 38, California 21: Troy

Aikman threw two touchdown passes and ran for a third score, belping the No. 2 Bruins improve to 6-0 overall and 3-0 in the Pacific USC 28, Washington 27: In Los Angeles, Scott Lockwood rushed

for 133 yards and Southern California thwarted a two-point conversion pass with 1:39 left.

Florida St. 45, E. Carolina 21: In Tallahassee, Florida, Chip Fergulate in the third period made it 31- son threw two scoring passes and added a 73-yard scoring run and

Reggie Stack passed for 224 yards 21 and Notre Dame survived three Chris Parker ran for two touchto power the War Eagles. downs to fuel the Seminoles.

Nebraska 63, Oklahoma St. 42: Wyoming 55, New Mexico 7: In In Lincoln, Nebraska, Ken Clark Laramie, Wyoming, Randy Welrushed for 256 yards and three niak threw for two touchdowns and touchdowns and quarterback Steve ran for another score and Dabby Taylor accounted for five TDs to Dawson rushed for 179 yards and a lead the Combuskers. touchdown to carry the Cowboys. Georgia Tech 34, S. Carolina 0:

Michigan 17, Iowa 17: In Iowa City, Iowa, Michigan's Tracy Wil-liams and Iowa's Tony Stewart each In Atlanta, Andre Thomas intercepted two passes, returning one 51 yards for a touchdown and the othfumbled at the one-yard line to er 10 yards to set up Stefen Scotthwart crucial scoring drives. ton's short scoring run, as Georgia Arkansas 27, Texas 24: In Aus-Tech ended a 15-game losing streak against Division I-A opposition.

down play.

LEMON SAUCE."

ANDY CAPP

tin, Texas, quarterback Quinn Grovey ran 21 yards for a touchdown and set up two other scores as the Razorbacks won for only the second time in three decades in Austin.

Vanderbilt 24, Florida 9: In Nashville, Tennessee, Eric Jones hit Steve Kosanovich with a oneyard pass on a fourth-down play to give the Commodores a 17-9 lead with 9:42 left and then Vanderbilt added Mark Johnson's 11-vard scoring run with a minute to go after holding Florida on a fourth-

Bloomington, Indiana, Anthony Thompson rushed for 139 yards and three touchdowns and Dave Schnell rushed for two scores to lift

■ Return to Losing Ways

The goalposts remained upright. Players shook hands politely and left the field. Columbia had lost. Normalcy had returned. The Lions, who ended five years of misery last week with a 16-13

victory over Princeton - their first triumph in 45 games - reverted to losing Saturday, this time to Yale, 24-10. The New York Times reported from New Haven, Connect-

Last week, the Lions did not turn the ball over in a game for the first time in 16 years. Saturday, they fumbled five times and were called for repeated holding penalties. Yale, without a victory in four

games this season and outscored by its last three opponents by a total of 90 points, got splendid second-half running from Buddy Zachery.

Richmond Beats BU in London

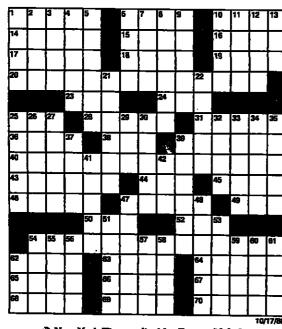
The Associated Press LONDON — Quarterback

Austin Newhoff sneaked in from one yard out with a minute and a half remain give Richmond a 20-17 victory. over Boston University here on Sunday in the first regularseason college football game ever played in Europe. Richmond recovered a fum-

ble at the Terriers' 14-yard line with 3:25 remaining to set up the winning touchdown. In all, the Terriers turned the ball over six times, twice in the final four minutes.

Although it was filled with mistakes and penalties, the Yankee Conference game appeared to be a successful debut for about 2,500 spectators who sat, through chill and a raw mist at the Crystal Palace National Sports Center, Britain's leading track and field stadi-

WRIBOAR



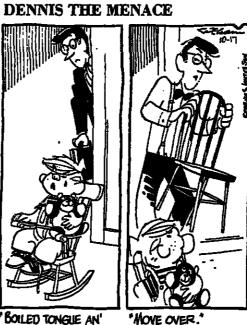
New York Times, edited by Eugene Maleska 21 Denmark's

PEANUTS

THAT'S THE BEST

EVER TASTED!

WEATHER EUROPE NORTH AMERICA <u> ASIA</u> MIDDLE EAST Vienna Warsaw Zurich OCEANIA



'MOVE OVER.'

WHAT'S THE

ALTEM BUTIC WHADOS THE SIRL AT THE CANDY COUNTER. KRILLE Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

I LET HIM THINK HE'S GETTING HIS OWN WAY — THEN PLAY IT . SWART AND LET HIM HAVE IT

Jumbles: AORTA BUILT MALADY FILLET Answer: Words of praise that seldom fall (FLATTERY

IS GOOD FOR YOU!

JELLY POUGHNUTS MAKE YOU FEEL GOOD ALL OVER



REPORT

THE DAY WHEN

19 GONE

A SERGEANT COULD

10-17

BEAT UP A PRIVATE









WHEN NOTHING IS GOOD FOR YOU, YOU HAVE TO PRETEND THAT EVERYTHING

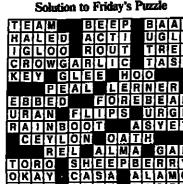


















KNOW





MONDAY SPORTS

Bengals

Christian brown designation

tonte in and and ton full

Report of the Court of the local section

the winning streat

Protocom Page

Tobili

CW LAY

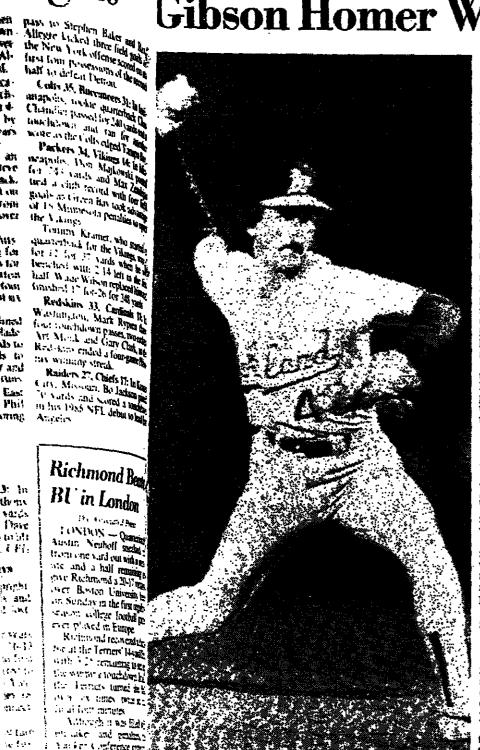
44.124.23

ands to

D: In

Parc

Gibson Homer Wins Opener for Dodgers



or Sunday in the fire in server college lookel to ence placed in Europe ' Kurimena recorded the at the Terners' [448] with the contract of

SCOREBOARD

BASEBALL

THAT SURANGE VS. World Series

Dennis Eckersley delivering what proved to be the last pitch of the art in the first inning.

But a few moments

FOOTBALL

College Results

Syrocuse 24, Penn St. 10

Fiorido St. 45, East Carolina 21 Howard U. 34, Virginia St. 21 LSU 15, Kentucky 12

LSU 15. Kentucky 12 Louisville 20. Virginia 28 Monshoil 50. E. Tennessee 51. M Mississiopi 25, Arkonsos 51, 22 N. Corollad 51. 45, North Corollad S. Mississiopi 25. 48 North Corollad S. Mississiopi 26.

Wake Forest 27, Maryland 24 Allian & Mary 33. New Hampshire

Cern, Michigan 21, Kowing Colorada 21, Kansas 9 E, Michigan 14, Bolf St. 12 Illinois 34, Wisconsid 6 Indiana 33, Mintesofa 13 Iowa 17, Michigan 17

lows St. 21, Missouri 3 Kent St. 45, W. Michigon 28 Michigan St. 36, Northwester N. lowg 34, Illinois St. 7

N. lower 34, Illinois St. 7.
Nebrosian St. Oklohoma St. 42.
Noise Dome St. Mismit, Fis. 30
Chilo U. 38, Mismit, Fis. 30
Chilo U. 38, Mismit, Diao Zi
Purther St. Oklo St. 26
S. Illinois IB, Indiama St. 7
Totedo St. Austin Peov Vi
Yournsciown St. 41. Townen St. 39
SOUTHWEST
Arkonaes 27, Texes 24
Houston E2, Tutgo 28
Lamar 35, Aicarn St. 4
North Texas X7, McNeese St. 9
Okiohomo 76, Kansas St. 24
Texas Aska X8, Boylor Vi
Texas Tech 38, Rice 36
Texas-E7 Paso 34, Colorado St. 14
FAR WEST

Air Force 56, Utoh 49 Artzono 45, Washington St. 78-

FAR WEST

Relations Young 21. Teens Christian 18
Fresto St. St. Utoh St. 16
Howall 2. Sq. Diego St. 30
Idoho 31, E. Westlington 22
Long Beoch St. 24. Fullerion St. 22
Machines 32. R. Arizona 28, 201
Machines 33. R. Arizona 28, 201
Machines 35. St. Bolse St. 7
May.-Los Vegos 28. New Mexico St. 20
Oreson 52. Idoho St. 7
Southern Col 28. Washinston 27
Startford 34, Arizona St. 3
UCLA 38, Collionals 21
Weber 31, 37, Nevodo-Rena 31
Wyoming 55, New Mexica 7

CFL Standings

Brighoon Young JL Texas Christian 1

By Joseph Durso New York Times Service

LOS ANGELES - Kirk Gibson sat in the trainer's room in Dodger Stadium and watched his teammates on the Los Angeles Dodgers struggle to cope with the awesome power of the Oakland Athletics. It was the opening game of the 85th World Series on Saturday night and Gibson was hobbled in

both legs. He was the missing man.
But in the bottom of the ninth
inning, with the Dodgers down to their final out and one run behind, the missing man limped onto the scene and pinch-hit before a screaming crowd of 55,933 fans.

And on a mean three-and-two slider from Dennis Eckersley, the ace relief pitcher who had saved 45 games this season, who hadn't smrendered a run since Aug. 24, Kirk Gibson created one of the electrifying moments in Series history: He hit a two-run home run that beat

the mighty A's, 5-4.

He also created more of the mysterious magic that carried the Dodgers to the National League pennant last week when they upset the favored Mets in seven games in the playoff.

Tommy Lasorda called them "my team of destiny." games this season, the most in the big leagues, and then swept four more from the Boston Red Sox to win the American League pennant.

"I couldn't even do a little jog in my living room." Gibson said. "I watched the whole game in the trainer's room. I heard them say on national TV that I wasn't going to Then I decided it was time to

Lord for putting me in one magic "His left leg was hurting, his right leg was hurting," Lasorda said, seeming stunned by the latest drama in town. "But Kirk Gibson can hit a ball out of Grand Can-

There was even more drama to it than that. The Dodgers had opened

the game with a burst of power of their own: a two-run borner that Mickey Hatcher hit off Dave Stew-

WALES CONFERENCE

flashed even more power; a grand siam home run that Jose Canseco hit off Tim Belcher.

By the home half of the ninth, the Dodgers were one run behind. Then Eckersley arrived, and he needed only three outs to keep La-

WORLD SERIES

sorda's magic from making any last-minute appearance.
In the trainer's room, the missing man began to spin his fantasy. He had already received a cortisone shot from Dr. Frank Jobe, the

Dodgers' physician, but nobody knew when he would play again. In the playoff, Gibson beat the Mets twice with home runs on consecutive days. But he was limping even worse by the time the Dodgers completed their coup and headed for the World Series. "I decided I'd give it a try," Gib-

On the mound, Eckersley was all business. He got Mike Scioscia on a pop fly to shortstop, and he needed two outs. He struck out Jeff Hamil-

pinch-hit for Alfredo Griffin, and he sent Dave Anderson out to the on-deck circle as the ostensible hitter for the pitcher. Davis worked Eckersley for a

walk, Anderson retreated and out came Gibson to thunderous cheers.

"He was the secret weapon," Hatcher said. "I didn't even know he was on the bench. It's like believing something, and seeing it

Gibson got the count to three balls and two strikes. Davis stole second, and Gibson was standing will bring him in."

Eckersley fired, and Gibson swung. The ball rose into right field, arched higher as Canseco ran back toward the wall, and then it fell into the seats for the final dose of Dodger magic

"Walk him?" asked Tony LaRussa, the manager of the A's. "! considered it. But I didn't think it was a very good move.
"I decided it would be best to let

Los Angeles Bullpen And Saturday Lasorda's team of destiny needed a lot of magic to survive their opening encounter with the Athletics, who won 104 By Malcolm Moran shead, 4-2. In the final seven

By Malcolm Moran

year of surprises, the bullpen of the al.
Los Angeles Dodgers has often kept the team close enough for late-

inning drama. Samrday, in the first game of the World Series, the Dodgers stayed close, but until the very end, the inspiring finish was missing.

give it a try. And I thank the good But when Kirk Gibson's twoout, ninth-inning home run gave the Dodgers their 5-4 victory, hind-sight was kinder to the relievers Tim Leary, Brian Holton and Ale-

"We have to shut these guys down," Leary said. "They can't score five, six, seven, eight runs. If we hold them to four, we've got a

That left the relievers without a margin for error when Leary re-placed the starter, Tim Belcher, in the third inning, with the Athletics

1124

New York Times Service nings, the Dodger bullpen held the LOS ANGELES — Their work A's to no runs, four hits and two was going to be a foomote. In a walks, one of which was intention-

> Leary, who won 17 games and started all but one of his 35 appearances this season, became the fourth starter in a three-man rota-

> Only four A's advanced to second base in the final seven innings. And with the help of two base-running mistakes in the fourth inning, Leary was able to end the second of two problems the Athletics created after José Canseco's second-inning grand slam.

> In the third inning, Leary's first, he allowed singles to Terry Stein-bach and Glean Hubbard. But Leary then forced Walt Weiss to fly to left field. He struck out the itcher Dave Stewart, and Carney Lansford forced Hubbard at second to end the inning.

> Leary's problems resumed in the fourth when Dave Henderson led off with a double.

But then came the first of Oakland's two base-running mistakes. Henderson began toward third on Canseco's ground ball to shortstop, and before he could return to second, Alfredo Griffin, the Dodger shortstop, threw to the second baseman Steve Sax, who tagged Henderson for the out.

Then, with Canseco at first, Dave Parker hit a roller on the right Parker with the throw.

But the home-plate umpire. Dong Harvey, ruled that Parker was outside the running lane. Parker was declared out, and Canseco had to return to first. After Canseco stole second and Mark McGwire was walked intentionally, Leary struck out Steinbach to end the inning.

From that point, Leary, Holton and Pena retired 15 of the final 17 Oakland hitters.

"That's the role I've had for two years," Holton said. "I take a lot of pride in coming in and keeping as Kirk Gibson, bugged by Manager Tommy Lasorda, is surrounded by his teammates at home plate.

Tyson Counters With Divorce Action

TRENTON, New Jersey Mike Tyson, the heavyweight boxing champion, says in divorce pa-pers that he was "the hapless victim of intentional fraud" and that his wife of eight months, Robin Gi-vens, married him for money and

· Tyson filed the divorce action on the ground of extreme cruelty and said Givens had sought to publicly humiliate him, "strip him of his manhood and dignity, and destroy his credibility as a public figure."
"The defendant's conduct result-

ed in the plaintiff's sustaining se-vere emotional distress and prevented him from attending to his business as a professional prize fighter," said the papers, filed Fri-

day in New Jersey Superior Court. The document, which asks for both an annulment and divorce. side. Leary, trying to make a diffi- was filed one week after Givens able differences. A week before, she described Tyson in a nationally televised interview as a threatening and manic-depressive person.

> Tyson and Givens, a television actress, were married in February and lived in a large estate valued at \$4.5 million in Bernardsville, New Jersey. The marriage has been terlying a rocked by rumors of domestic his child. quarrels and Tyson's alleged violent temper.

night, Givens said, "I didn't get months. I got married I . . . got married to get divorced I'm 23.1'm pregnant. I lost a baby, you know. idealistic. You know, I don't want I'm losing someone very close to to get divorced."



cult throw around Parker and to-ward Franklin Stubbs at first, hit

"As far as money goes," she said, "money will come and go. But no one will ever love me the way Michael loves, I'm sure, or vice versa. So ... for people to bring it down

to money is sad." Tyson said in his filing that Givens induced him to marry her after lying about being pregnant with

Givens said in the interview Friday, "You know, a lot has hap-In a television interview Friday pened to me in the last eight

In Sunday's editions of the Chi-cago Sun-Times, Tyson said Givens was "evil" and had played "a sting game" to trick him into marriage so she could get his fortune.

Tyson also contended in the interview that Givens and her mother, Ruth Roper, "don't like black people," even though both are black, as is the world champion.

"They use them, but they don't like or respect black people. They want to be white so bad. The way they talk about black people, you'd think you were living with the Ku Klux Klan."

Alabama 28. Yenessee 20 Alabama 28. Yenessee 20 Alabama 29. Ye. Albamy, Go. 10 Albama 29. Alfon 0 Citadel 21. Th.-Choftensoog 17 Clemson 49. Duke 17 Florida ASA 35. Margan 51. 14

LOS ANGELES

Lossiro 3b
Hendran et
Conseco ri
Porker it
Jovier it
McGwir 1b
Steinbeh e
Hossey e
Hubbrd 2b
Weiss as
Stewart p
Eckersty p Carmell 35, Brown 9
Cartmouth 38, Harvard 7
Delawisre 10, Villenous 7
Hely Cross 48, Lehigh 24
James Madison 29, Northea
Moine 28, Rhode Island 14
Penn 33, Colgote 22
Philistoursh 42, Texnole 7
Princeton 41, Buctinell 35
Rutsern 17, Boston College
Syrocase 24, Penn 51, 10 946 996 992—4 280 981 992—5

Jes 5, 2B; Henderson, HR; Hatcher (1), Can

8 6 3 3 2 3 23 1 2 2 1 1

Pena W 1-0 2 1 0 0 3 3 HBP: Conseco by Belcher, Sox by Stewart.

Balk: Slewart, WP: Stewart.

Balk: Slewart, WP: Stewart.

Couling (AL); Scand, Freehuming (NL); Third, Couling (AL); Left, Crowlard (NL); Right,

SWorld Series Schedule

Oct. 15: Los Angeles 5, Ocklond 4 Oct. 14: Ocklond (Davis 16-7) at Los Angeles (Hershiser 23-8) Oct. 18: Los Angeles at Ocklond Oct. 19: Los Angeles at Ocklond x-Oct, 26: Los Angeles of Ockland x-Oct, 22: Ockland at Los Angeles x-Oct, 23: Ockland at Los Angeles

TENNIS

MEN'S TOURNAMENTS Semificalis
Andrel Chesnolow, Soviet Union, del. Christian Berostrum, Sweden, 7-5, 4-2,
Limray Conners, U.S., del Jokob Hiosek.
Switzerland, 5-7, 7-4 (7-2), 6-3. إوهاج

Connors del. Chesnolov. 6-2, 6-0. (Al Sydney, Australia) Semillanis Semillads
Richard Motuszewski, U.S. del.
Vayotte (1), U.S., 7-6 (8-6), 6-4.
Stebodan Zivolinavie (5) mez (7), Ecuador, 64, 6-2 Final

. ewski, 7-6 (10-8), 4-3. WOMEN'S TOURNAMENT (A) Priderstod), West Garmen') Semificals ting Novrollbyc, U.S. dat. Evo Ploti,

Navratilava del. Evert, 6-2 6-3.

SOCCER EMOLISH FIRST DIVISION Thariton 2, Agton Villo 2 Coventry 8, Millwall 0 Sueens Perk Rengers 2, West Ham 1 Points: Norwich 16; Millwall 15; Coventry

: Liverage Manchester Dailed So ion 11: Arsanol, Everion, Gueen's Pork Rome ers, Sheffield Wednesdov 10: Alddlesbroud Choriton 9: Nottinghom Forest, Derby, Asto Villa, Luton 8: Tottentrom, Wi rsite 5; West Hom 4, FRENCH FIRST DIVISION

Adrisellie 4, Cosn 2 Lovel G. Ménace 0 Limit a, Mert 2 Bordeaux 2, Youlouse 2 Manthellier 9, Casnes 8 Polasis: Poris 56 32; Auserra, Morsellie 30: Nice 27; Bordeaux, Morsech Names 26: Cannes 25; Mets 22; Sochoux, Montaellier, Turbous 27; Mills 20; Sochoux, Montaellier,

Toulouse 22; Lille 21; Mairo Rociesi 20; Tou-

GOLF Leaders through Saturday's third round of the Texas Open poli tournament, being played at the 6,576-yard, par-76 Oak Hills Country Clab Coorse in San Ante Corey Pavin Torri Pernice 63-66-67-176 -12 67-64-69-200 -10 67-65-68-201 -9 69-65-68-202 -8 Tom Kite Ben Cranshow Payne Stewart Pot McGowen Roger Matthie Covid Prest

HOCKEY

National Hockey League Standings

New Jersey Christian 3 (6), Pivonka 2 (2), Hatcher (2), Christian 3 to), Privation 1 (2), Hatcher (2), Shavens (1), Garliner (4); Muller (1), Ma-chean (4), Verbeck (1), Johnson (3), Shano-hon (1), Shats on good: New Jersey (of Peefers) 7-16-15—38; Washington (on Souve) 13-11-7—31. Degree 1 6 4-5 Terodole 2 1-3. Born 2 (4), Groves (1), Frycer (2) Yzerman (5): Diczyk (4), Morolis (4), Reid (1), Shels ee soal: Detroit (on Bester) 5-6-12-23; Toronto (an Shelan) 7-13-7-27. Los Appetes Corpenter (3). Shots on good; Philiodelphia (on Healy) 8-10-9-27; Los Angeles (on Hex-知用) 8-17-12-32. Montreci N.Y. Islanders

St. Louis 8 3 5 8—8
Detroit 8 1 6—8
Cottes 2 (2), Norwood (1), Borr (2), Frycer (1), Yzermon (4), Higpins (1), MacLeon (3); 1
Prestowski (3), Hrisce (1), Totile (2), P.Covol- (fini (2), McKesney 3 (4), G.Covoliini (3), Shots 8-an goal; St. Louis (an Hankon) 8-11-14-6—39; Ba Cetroit (an Millen) 10-18-6—36.
Monitreal 10-18-6—36. | Dercor (on Mulec) (0-10-90-30. | 4 | 3 2-7 | McRice (2), Gogner 2 (2), Ciccorell 2 (5); | 1 | 3 2-3 | Joyce (1), Stotson gool; Sosion (on Costr) 17| CLemicus 3 (3), McPhee (1), Corson 2 (2), | 184-36. Minnesoto (on Lemelin) 6-104-75.

Makela (2), Volek (2); Richer (2), Shals on goal; Manfreol (on Hrudev) 11-15-11-37; New York (on Roy) 8-7-72-29. Narriord
MacDermid (1), Samuelsson (1), Ferrans (3), C.Witson (2), Francis 2 (3), Anderson (1); Larmer 2 (5), Volve (5), Vioquiette (1), Eogles (1), Stotis on soit Chicaso (on Sidoridewicz), 5-12-10—30; Hortford (on Pang) 16-9-10—35.

TRANSITION

BASEBALL cooch, from his contract. Named Richle Hebner hitting cooch, NEW YORK—William Dowling, vice presi-

PITTSBURGH-Fired Jim Thriff, manage BASKETBALL National Basicatholi Association HOUSTON—Signed Derrick Chievous, forword, to a three-war contract.
NEW YORK—Signed Gerald Wilkins, suand, to a three-wear contract extension, wolved Jeff Cook, conter-longerd.

FDOTBALL Consider Festival League BRITISH COLUMBIA—Activated Mack re, defensive tackie, from practice roster. crivated Willie Gillus, quarterback, and

Nov. 13.

EDMONTON—Activated Rick House, stat-back, and Deany Taylor, defensive back, from practice rester, Re-activated Andrew McConnell, defensive tockle, from reserve list. Re-activated John Mondorich, defensive tockle-from injured list and frausierved linn to reserve list. Reteased Cliff Pawell, tockle, Cliff Tower-defensive back, and Sinler Zaitekle, wide resolver, and order them to wanting anderreceiver, and added them to practice raster.
OTTAWA—Added Johnny Lewis, defensive tackle. Activated Shon Jenkins, defensive and from practice roster. Released Ken Bra-den, linebacker, and Michael Clinc, detensive and, and added both to practice roster.

Notional Feetball Lesses

Notional Feetball Lesses

ATLANTA-Activated John Scutiv, offensive sucré: Tim Green, limbocker, and Elbert Shelley, solety. Walved Paul Oswald, offensive guard, and Dorapel Lee, tight and,
Piaced Joe Costello, limbacker, on injured CHICAGO—Activated Larenze Lynch, watery, and Segn Smith, detensive tackle, from

CFEAETWID—YCHATHOLOG CHOLOG gnocket gnockets the Winted Leteland Totala Youth Seda Stant International Activity and DENVER—Activities man DENVER—Activities man DENVER—Activities man receiver, from injured reserve.

RAY—Placed Rondy Wright, and teach, on

the inactive list. Walved Albert Bell, wide receiver. Activated Phil Epos, wide receiver. L.A. RAMS—Signed Ron Brown, wide receiver, to a one-year contract. guard, from Injured reserva. Placed Danadi Evans, defeative end, on Injured reserve. SAN DIEGO—Activated Lasile O'Neil, de-fensive end. Released Keith Boldwin, defen-

Howe (1), Prope (4), Poulin (1), Suffer (3);

sive linemose.

SAN FRANCICSO—Activated Terry Green. SAN FRANCICSO—Activoted Terry Greer, wide receiver, from procedural recall waivers. Placed John Pave, quarterbock, on the injurial list.

SEATTLE—Columed Darren Comeaux, linebacker, from procedural receil waivers from San Francisco, Placed Alvin Possell, sourt, on the non-football injury list. Sened Tim Burninam, guard, Released Doug Halfle, defensive and.

WASHINGTON—Signad Gree Coleman, punter. Released Garry Walters, punter.

HOCKEY

Matisma Hockey League

BUFFALD—Set Jeff Porter, center, to
Rechester of the American Hockey League,

DETROIT—Relistabled Peir Klima, left
wing, and assigned him to Adisnotack of the
American Hockey League, effective Sundoy,

on 15.

MINNESOTA—Assigned Jarma Myllys, positiender, and Dean Kolstod, defenseman, to Kalamazoo of the integnational Hockey

League,
N.Y. ISLANDERS—Assigned Jeff Finley,
defermence, and Rod Dollman, left wins to
Sorteefield of the American Hockey League,
N.Y. RANGERS—Sent Joson Latreniers, N.Y. RANGERS—Sent Joson Letrenters, contest to Denver of the International Hockey League for 6 two-wisel conditioning program. Sent Joe Polerson, left wing, to Denver, and Doug Wickenheiser, center, to Flint of the IHL WASHINGTON—Acquired Rent Carison defensemen, free: Windlegs for future considerations and assigned him to Bottimare of the American Hockey League, Stoned Doug Keass, septimaler, to a tryout contract and automate Julian to Retitudes.

WINNIPEG internan, is Belteville of the Onterio I League and Affe Turcatie, center, to M of the American Hockey League. COLLEGE CALDWELL—Named Glerm Correll and Brace Borrieti ossistant basistadi cooches. MASSACHUSETTS—Named Rethy Hawelf wormer's bostaffani caech and Mary Voll-wormer's assistant basisetball caech. MERCY—Nomed Terry Ketly assistant secont condu.

explaned him to Baltimore

XAVIER-Named James Ross basketba



Paralympic Games Open

Kang Duk Chun of South Korea, a volleyball player, running the torch into Seoul's Olympic Stadium during opening ceremonies of the Paralympic Games on Saturday. Disabled people will compete during the 10 days of the first Paralympics.

U.S. Athletes Defy Ban In South African Meets

The Associated Press

South Africa's first international track meets in 12 years. Tomlinson, said the Americans

would fight in court if U.S. track officials followed through with their threat to suspend athletes who competed Saturday in South Africa in violation of the international sports boycott Reflecting the recent lack of world-class competition here, three of the Americans broke South Afri- ported from Harare. Zimbabwe.

can records - a 1984 Olympic

Stewart with a time of 13.65 in the 110-meter burdles. lowed to compete in the Olympics control board in its place. since 1960 and was expelled from

sponsoring the visit, has not dis- ANC's secretary-general, Alfred closed how much the athletes are Nzo. being paid. Local newspapers have reported that organizers were at- first meeting with ANC leaders was

Petranoff said on television that he saw no rationale for the boycott against South Africa when "terrorist" countries such as Libya and Iran are allowed to compete at the Olympics.

Saturday's meet was the first of three competitions for the foreign team. The others will be held Thesday and Saturday.

news release that any American the world.

who competes in South Africa was PRETORIA — Thirteen U.S. subject to disqualification by the track and field athletes, risking life TAC, the sanctioning body for suspensions, are competing in track and field in the United States.

Cassell said the American athletes and coaches risk "disqualifi-The visitors' manager, Dick carion from all domestic and international competition for the rest of their lives."

■ South African Rugby The African National Congress movement on Sunday agreed to help in a bid to end world isolation of white-dominated South African rugby, The Associated Press re-

A brief communiqué issued at bronze medalist. Dave Laut, with a the end of a two-day meeting beheave of 20.15 meters (66.5 feet) in tween the ANC and top South Afheave of 20.15 meters (66.5 feet) in tween the ANC and top South Afthe shot pur; 1988 Olympian Carrican rugby officials said the ANC, ole Cady with a discus throw of 61 the main guerrilla organization meters (201.3 feet); and Milan fighting the South African government, supported moves to disband the white-run South African Rugby South Africa has not been al- Board and establish a nonracia

The communique was signed by

the International Amaieur Athlet- Danie Craven, as president of the ics Federation in 1976 because of rugby board South Africa's top its apartheid policies of racial sepa-ration. rugby official; by Ebrahim Patel, head of the anti-apartheid South Trek Petroleum, the oil company African Rugby Union: and by The communiqué said Craven's

tempting to raise up to 6 million held because of "a common desire" rand (\$2.5 million) in sponsorship to end racial segregation in South African rugby and win international recognition for players.

Craven, a white resident of South Africa, sparked a major controversy in South Africa earlier this month with a call for the abolition of apartheid and an announcement that he would meet the ANC.

Rugby is the most popular team sport for South Africa's whites. The sports boycott has frustrated many Ollan Cassell, executive director players and lans who believe the of the Athletics Congress, said in a national team could be the best in

Whatever Happened To Moïse Kisling?

PARIS — The name Kisling still rings a bell, but in the great days of Montparnasse it was a carillon on its own. No painter was more at the center of the

MARY BLUME

carousing and the nightlong lofty talk, no painter was more promis-

ing and praised. Picasso called him great, Coc-teau called him pure. Manisse said he was one of the finest portraitists of his time and in an article called "What Do You Think of Kisling?" in a 1926 issue of Vogue, Braque replied, "Bravo for Kisling and his robust art."

Except for a flurry on the Japanese market in the early 1970s and a retrospective at the 1984 Salon d'Antonne, Kisling isn't given much thought these days. He died in 1953 and maybe his success was always bound to the exuberance and generosity of his personality. His son Jean remembers that Kisling wore black tie almost every night in Paris and went to all the grand dinners: He was mondain, Jean says, but not a peintre mondain like Jean-Gabriel Domergue, whose work was never

highly considered. Jean Kisling, 66, a retired Air France captain, devotes his life to his father's work. He organized the small show of eight late paintings on view at the Mairie of the 16th Arrondissement of Paris until Oct. 26, and he is working on the third volume of the catalogue raisonne of Kisling's 2,000 paintings. The first volume took 17 years, the second 12 and the third will take 11 or 12 years.

The catalogue is drudgery, but it brings back to life a beloved father and a lost era. Jean's wistful face lights up when he speaks of his father and sometimes he says it is not really so wonderful to have had so happy a childhood because you are so ill-prepared

for what happens after. . Moise Kisling was born in 1891 in Poland, where his father was a

He cut his dark curis into a fringe and with his high red cheeks and small dark eyes he looked like an Eskimo - an Eskimo plumber in his blue overalls and red neckerchief, the writer André Salmon said. Everyone called him Kiki

Kiki fought a duel in 1912 that was covered by newspapers and an early newsreel, and his atclier at 3 rue Joseph-Bara was said to be the Left Bank equivalent of the

Except for a flurry on the Japanese market in the early 1970s and a retrospective in 1984, Kisling isn't given much thought these days.

Bateau Lavoir, a haven for artists and painters and writers. He went painting in the south of France with Picasso and was Modigliani's closest friend, giving him stu-

dio space and paints.

"Today there are Modiglianis signed Kisling and Kislings signed Modigliani," Jean Kisling says. When Modigliani died a pauper, Kisling paid for the fu-neral, following the instructions of the painter's brother in Italy who said Modigliani should be buried like a prince.

Kishing was charismatic and lucky, invited to show in the 1913 Salon d'Automne because there was space in the salle d'honneur next to Bonnard and Matisse. The dealer Vollard liked what he saw but said let him starve for 20 years and then we'll see.

Kiki never starved. In the '20s and '30s he had so many commis-

and urged him to go to Paris. He sions that he was always behind arrived in 1919, the same year as on his orders and rarely had enough work to exhibit.

"He was a star. When I was little people would turn in the street and say, the painter Kisling! as they might say Belmondo! or Bardot! today," Jean says.

When World War I broke out, Kisling was in Holland but returned to France to join the Foreign Legion and nearly died of his wounds in 1915, the only man in his company to survive. He married Renée Gros, the daughter of a commandant in the Garde Républicaine and the wedding hunch continued late into the night at the rue Joseph-Bara. The police were called and Kiki had to pay them off with paintings. A policeman's broken jaw cost two can-

Max Jacob, an uneasy convert to Catholicism, said of the cele-brations: "I asked God to forgive me for having gone to this wed-

Renée Kisling was a strangely marvelous-looking woman — a great handsome sea-monster, a friend said — with a tendency to throw punches at guests who left her parties too early or whose lack of decorum offended her. "She couldn't bear bad manners," Jean says. "Once when I was with her on the Metro a sailor gave her the eye and she knocked him out with

Like many Montparoassians, the Kislings moved on to the south, eventually settling at Sanary, a small port near Toulon, where the Aldous Huxleys were neighbors and good friends.
"My father spoke nine lan-

guages. I never met anyone so complete, so full of goodness, un-derstanding and tolerance," Jean The house was always full of guests and was remarkable for be-

ng on one floor and for having a bathroom for each bedroom. The natives said the painter Kisling has five bathrooms, what for?" Jean says. Renée served marvelous meals at a large refec-tory table, the two Kisling boys grew up like happy sunburned



Moise Kisling posing in front of one of his paintings in 1920.

savages, and Kiki worked and

"He traveled a lot and since he had no dealer he had to make his own contracts. I never saw my father sleep late or take a siesta," Jean says. One visitor sensed a weariness behind Kiki's bonhomie but Kiki seemed unaware.
"We should be able to read in a canvas the joy that a painter felt in creating it," Kiki once said. In 1932 he received the Légion

d'Honneur. By the late 1930s crit-ics were referring to him nostalgi-cally as a survivor of the good old Montparnasse days, but he had other concerns. He tried to enlist in the French army in 1938 but was turned down, and when war came as a Jew he had to escape via Portugal, characteristically un-

able to resist a last joke. Have you anything to declare? the officer at the frontier asked, to which Kiki airly replied, 10 million. Ten million? Yes, said Kisling, holding up his 10 fingers. One million each.

He landed in New York and gave a large and well-attended party within 10 days of arriving. Jean, who had escaped from a German prisoner of war camp, joined the U.S. Army Air Corps and met his father in New York. "He was always gay. When I

REAL ESTATE

TO RENT/SHARE

NEAR PANTHEON, 55 sq.m. fully equipped with American kitchen and bah, Call 45.48.42.89.

went out with him everyone said I was the father and he was the son." But when Jean wanted to go out nights, Kiki said we are not here for fun and they would wrap packages to be sent to France.

His apartment was like a grocery store for making packages, a friend said. He served on committees and organized art shows across the United States in which he refused to include pro-German French arrists.

Kiki came back after the war with 48 trunks of clothing and supplies for needy artists. He showed in 1951 for the first time since 1937. Critics began to find a certain vulgarity in his work, to which he replied, painting is a battle and one does not come out of every battle with distinction.

He died while preparing a show and Renée followed seven years later, in 1960. Jean never married but his younger brother lives with his family in the house at Sanary, which still has Renée's refectory table and a map that Kisling made in New York to follow the progress of the war. Inch by inch, it is covered with tiny colored pins and it is perhaps his most affect-ing work. In 1955, in Sanary, the boulevard Kisling was dedicated by the municipality, a short wide road that leads to a dead end.

Measuring Candidates by the Gaffe By William Safire VASHINGTON — Senator Uloyd Bentsen "was not likely make some has many meanings in slave for the control of the control

to make any big national news," said his press secretary, Michael to error. He registers very low on the gaffe meter.

laugh meter, a device to register saff—or in French, une gaffe—is audience merriment on a radio show named "Can You Top This?" which in politics is a mistake. starring the comedians Harry

the uncorrected version for the evening news, and led with it." getting coverage by a guffe, our word of the day.

Asked by a reporter whether he was "prone to gaifes," Bush replied ruefully, "That's true, that's true." the Chinese leader Deng Xiaoping said of Bush, "I hope he will be victorious in the elections," the Reuters news agency wrote, "Diplomats say Deug made a protocol gaffe, but his views probably reflect gaff. the views of China's leadership."

As a result of what William F. Gavin, a Republican congressional

It's a French synonym for four ready begun to go high-hat.

pas, or "false step," but its roots
may be found in the Old English
1988, from William H. Mar gaf-spraec, "coarse, ribald speech." ward the eyebrows of Spenser's Fa-

erie Queene.

Gaffer, which began as a term of respect for an old man, is apparent-1800s, gaffer meant "foreman, overseer," and the term has been applied in glassmaking to the master glassblower. Now, gaffer also
refers to the chief electrician for a
film production, but the most wideof the people in the "Central Ofly used meaning is as an affection-

meaning that ties the current use to the past is "rude speech, vocifera-McCurry, "because he's not prone tion, harsh criticism." That underhes the slang expression, to stand the gaff, or "to put up with the abuse that comes with the territory." Thus,

To the synonymy: error and mis-Hershfield and Jo. Laurie Jr. take are simple English words sci-Those of us who have been tracking dom used in political reporting the progress of gaffe to its present and we can ignore them. Fluff, pre-eminence in the vocabulary of more often used as a verb than a blooperdom caught it instantly. noun, means a mild slip of the lip, a Language gaffes and misspoken mispronunciation or misreading. zanne Fields in The Washington has a stupider connotation; boner. Times, "call on associations that from "bonehead," has fallen into automatically sweeten or offend disuse; a boo-boo has a jocular our emotions, if not our intellects." baby-talk overtone; a goof is a mere When Vice President George slip-up quickly forgiven. A blooper Bush erred egregiously on the date is a stunning mistake, getting seriof Pearl Harbor, "the networkmeisters of the Gaffe Patrol packaged rently being exceeded in attention-

Beyond a gaffe lies a blunder - a strategic error that goes beyond "misspeaking." To fail to exercise He also benefited from one: When damage control on a gaffe - using self-deprecating humor or promptly apologizing or issuing a correction called a "clarification" — is a

1 HE Veterans Administration, aide, derides as the "Great Gaffe which is soon to be upgraded to a Flappe," it behooves us to research the word describing an action on ald Reagan's pledge to trim the size which an election could turn.

cabinet department as part of Ronacquire or accession what is evidently considered immateriel: an apostrophe to put after the "Veterans."

A memorandum dated Sept. 7, 1988, from William H. Manley to "All Service Chiefs" on the subject remarks that must have shot sky- of "Organizational Name Change" reads in its entirety:

"In accordance with a Central Office directive the title 'Supply Service' has been changed to 'Ofly unrelated. It originally appeared as a contraction of godfather, or perhaps grandfather, when it was first used in the 1570s. By the orrespondence should be addressed Office of Acquisition & Materiel Correspondence should be addressed Office of Acquisition & Correspondence should be addressed of the Acquisition & Correspondence should be address fice of Acquisition & Materiel dressed Office of Acquisition &

fice," a place or disembodied comate synonym for codger, without mittee with Soviet-sounding connothe power overtones of geezer.

mittee with Soviet-sounding connotations that could use a little

By William Safire

Gaff—without the e—has many
MASHINGTON—Senator

meanings in slang, from a fisherman's tool to a county fair, but the

Manley suggests that any bureau-"and" in the title, when sending in a requisition slip for paper clips, will be shipped to Novosibirsk.

in the U.S. Army, when we turned in our government-issue uniforms and gear before being discharged (explaining the damages with an innocent but this is the way it was issued, Sarge"), the man who glowered back at us was known as the supply sergeant. As bureaucratic pomposity continues to triumph, he will become known as the Acquisition & Matériel Man-

Economists are already bracing for an apdating of the theory develand demand by Adam Smith in his 1770 "An Inquiry into the Nature 1 and Causes of the Wealth of Nature 1 tions," a theory that well are the Nature 1 and Causes of the Wealth of Nature 1 and Causes of the Wealth of Nature 1 tions," a theory that will soon be known as the Theory of Acquisition & Materiel Management & Demand. (The old demand can be replaced by "Necessitation & Requirement Management.") Arthur Caffer, Jack Kemp and others who believe in growth through tax cuts will be called Acquisition & Materiel Management-Siders.

agement Sergeant.

The name of the upgraded agency with the upgraded titles is Department of Veterans Affairs. It is the only department with an error in punctuation built into its name. Maybe its Central Office can cause its Office of Acquisition & Materic Management to buy or otherwise

Afterthought: As the misspelling of immaterial above indicates, I have always had a problem with material and material. The former means anything made of matter and having substance. Materiel, with its acute accent, comes from French and refers to work equipment or tools, specifically the wespons and supplies of armed forces.

U NU, the former leader of Materiel Management Service Burma, is back in the news. He was the Last Palindrome - the only recent head of government whose name is spelled the same backward as forward. We palindromaniaes missed you - and U Nu it all

New York Times Service

THE COBURG HOTEL

129, BAYSWATER ROAD

HYDE PARK,

LONDON W2 4RI

TEL: 01-229 3654 TELSG 268235 COBURG

FAX: 01-229 0557

Facing Hyde Park

Traditional Hotel with all amenities

English breakfast included

Single: £55,00 incl. VAT

Double/Twin: 577.00 Incl. VAT

PERSONAL MESSAGES Marybeth, Happy Birthday Soulmate Home o nice doy -

ANNOUNCEMENTS

USA**DIRECT**

australia 0014-881-011

> **BELGILLA** 11-0010

BR. VIRGIN IS. 1-800-872-2881

DENMARK 0430-0010

FINLAND 9800-100-10

PRANCE

19*-0011 GERMANY, FRG' 0130-0010

HONG KONG 008-1111

JAPAN' 0039-111

NETHERLANDS 06*-022-9111

NORWAY 050-12-011

SWEDEN 020-795-611 UNITED KINGDOM

0800-89-0011 Await second dial tone
Await second dial tone
Awaitable on a hird basis only.
Awaitable from all locations.
There may be a stent delay of up
to 30 seconds between dialing and rator response.
While in the USA dial
1-800-874-4000 Ext. 344
for more information.

AT&T The right choice.
Cut out & save for easy refere

STOP SMOKING, STOP DIBNIGNG, lose viright. Regenerate & represents of o very accurate private medical clinic in West Gentuary, 45 min from Zurich outpurt. Floors write or phone. Oristicano Clinic, Mencerschwarderstr. 32, D-7822 St. Bosien. 1076572/48010.

SOM: DISCOUNT. Learn or Improves your process of protection. J. Adv. intentive residential courses with French porticipants. Some places sall overlabile fits symmer and fall. Tel. CIEI. in France. 53.91.44.28.

ALL SELI. OUT SHOWS. Phontom of the Opera, Les Ms., Cats, Fallies, Chest overlable nowl Tel. Landon 379, 4636 or 240 0818. All artode cards.

BEZIONE. The Speet hand-made suit. 4636 of 240 USIS. All order coros.

BECORN. The finest hond-mode sait, Lorgest selection in Switzerford of WEINBERG the leoding mer's store, Schnotistr. 13, Zustch. UT/281 29 50

AARDVARK TICKETS, Phonton, Les Mis, oil sold out shows, sports, finestres, pap. Tel UK 07 408 1488 or 473

0427, FAX 629 0417 Now.

ANNOUNCEMENTS VIDEO IN ENGLISH. Reels on Wheels will deliver topes to your door in Paris. Call 4542 5866 for information. And now in Lyon: [16] 78 60 15 60.

ALCOHOLICS ANONYMOUS English speaking meetings dolly. Tel: Paris 46 34 57 65 or Rome 678 0320. HE LONDON CONNECTION - Les Mis, Phontos, all theates - lichels for all events. Call LIK 01 439 1763. MULTIPLE SCLEROSIS ASSOCIATION Franço seeks volunteers. SEP - SOS, 40 rue de Berri, 75008 PARIS. SCIEROSE EN PLACUES FRANCE recherche benevoles, SEF - SOS, 40 rus de Bern, 75008 PARIS.

With my grotaful prayers
St. Jude
Thank You signed C.R.H.
URGENT. CASTING DIRECTOR seeks 11-13 yr. old, Tel: Poris 42054404.

MOVING

MOVE Plus E INTERNATIONAL MOVERS Head Office: World Trade Center Rotterdom. Tel: 31 (10) 405 2070

THE MOSTD MULH ONE CYTT interdean

INTERNATIONAL MOVERS 1992 - NOW I FOR A FREE ESTIMATE CALL PARIS (1) 30249000

REAL ESTATE INVESTMENTS SPAIN EXCEPTIONAL OFFEE Security & appreciation, 800,000 sq.m., beautiful wooded hills lacated in world's bottest spot, Costa Bronz, Llaret de Mar, 4 km from sea, 30 min, from freeway & sril airport. \$1.6 M. (\$2/sq.m.t.). Call Mr. Marc 34 72 255668

> REAL ESTATE FOR SALE

UNIQUE_SEAULEU, panoromic sea view, 300 sq.m. estate + caretaler's house + possibility of estra 100 sq.m., 9,000 sq.m. park, beculiful trees, swimming pool. F12,000,000. Prosopion Mazart, Mrs. Watter, Le Rahl, 1 Processo

ROME 60 kms. ANCIENT CASTLE (16th century) to be restored. 1,500 sq.m. on 3 floors with 3,500 sq.m. land PARIS & SUBURBS

ETORLE/ AVE. FOCH
300 sq.m., ground floor + 1st floot
Gorden and baseners, garage.
3 moids' rooms. Focing south
Countryside in Paris. 45 02 13 43

ARTINI TECHNOTRANS - NCE / CANNES. Tel: 9139.43.44. Overseos Moving - Storage - Packing - Air/Seo Shipping, Car/Baggaga, Clearana.

CARMEL BY THE SEAlms for sole, Prime comm views, Downtown prop-enty, \$35-nellion, Torell Associates (415) 753-6500 USA

BUSINESS

OPPORTUNITIES OFFSHORE & UK LTD COMPANIES Incorporation and management in UK, let of Man, Gibraltar, Turks, Anguillo, Panama, Liberio, Channel Islands, & most other offshore areas

© Confidential advise

Nomines services

© Residence/Insmigration

NOMBRE SHARBHOLDER Off-share + UK Co formation service. Morbo tal, 50 High 5, Thornton 8013 355 UK

MGI, Rephone & Neier
Free explanulary bootief from:
HYDRIVATIONAL COMPANY
SERVICES LTD
Springfield C1, New Contintown
Rd., Dougles, Iste of Mon
Tel: Dougles, Iste of Mon
Tel: Dougles, 16424 26000
Telex 628554 KSIOM G
London Reconstration

78, ON GOLF ST NOM

REAL ESTATE FOR SALE PARIS & SUBURBS

REAL ESTATE

TO RENT/SHARE

ATTENTION EXECUTIVE Al IENTION EXECUTIVES
Publish your besiness message
in the International Hardel Inburse, where more than a fluid
of a million resolvent worldwide, mest af whom are in
business and industry, will
read it, just teleax as (Paris
613595) before 10 c.m., easuring that we can teleax you
back, indicate which major
credit card you wish to charge
it to, the number and approtion date, and your message
am appear within 48 hours.
Please also indust your aldress and telephone number
for our files.

FRENCH PROVINCES

TALY everlooking valley, mountains and country town. Call owners 06-423457 from Lam to 3pm or after 8pm).

92, NEUILLY/BARRES Lissanoss, 70 sq.m. + gorden Refined, modern decoration, MICHEL BERNARD; 45 02 13 43 PARIS 16th. Phone: 42.50.48.27.
Arisi's closer style clucks, 7th and 8th floors, 207 sa.m. Very bright, 40 sq.m. herroon F6,900,000.

BASTRILE independent duplex, 97 sq.m. 3 bedrooms + fiving. All conforts, newly redone. F2,100,000; 48 07 25 67

LONDON LUXURY oportments.In all central areas, including Marker + Knightsbridge. Minimum stoy. 3 nights, chapper than learny hotel. Discourt for longer stoys. Driver will meet your flight at Gotwick or Heathrow. M. P. Estates. Tel [1]. 499-2154 arrytmes.

HENTENGEROON MAINES. Investor HUNTINGDON HOUSE, Accuracy serviced apportments in Central Landon Tel: 01 373 4525. The 25293.

> Principality of Monaco SUPERS 4-ROOM APARTMENT rent in the center of Monte-Carlo g/diving room, 3 bedrooms, both n, shower room, fully equipper orn latchen, cellar, parking space.

For further details, please contact: A.G.E.D.I.
26 bis, 8d Princesse Charlotts
MC 98000 MONACO
Tek 93,50,66,00, Teles; 479417 MC

PARIS AREA FURNISHED PLEDRISHED & UNIFLIENDISHED HRST-CLASS APARTMENTS Minimum ranto 2 storets, Also flets & houses for sole, NITER LIBBES, 31 rue de Monosou Poris (8/4). Tek. (1) 4563 1777

PARIS PROMO Estate Agent - Property Manager 5 Ave Hodie, 7508 Paris, 45 63 25 60

REAL ESTATE

TO RENT/SHARE

PARIS AREA FURNISHED

Rent of FLAT or on OFFICE in Paris. By day or more With all possible hotel services Houselesping, rooms service, etc Studio up to 5 rooms,

PLATOTEL TOWER

A NEW WAY OF STAYING IN FARIS

THE CLARIDGE RESIDENCE FOR 1 WEEK OR MORE ligh class studio, 2 or 3-room opertments. FULLY FOLIPPED UMMEDIATE RESERVATIONS Tel: 43 59 67 97

duplex penthouse, roof-garden, 3 bedrooms, 2 bathrooms en suite, kar-riously equipped, sun, calm, garage, F28,000/monthly, Tel: 47 73 89 70.

F28,000/morthly, Tel: 47 73 89 70.

16th, VICTOR HUGO/FOCH, Exceptionally beautiful, well decorated flat, serorators living, big diving, ? bedrooms, American informs, surely, quiet, rare eleganos. F25,000; \$\tilde{\chi}\$ 2.03 99.

TOP CLASS, UXTURIOUS, Almo, Georges Mandel, Foch, 150-250 sq.m., 24 bedrooms, porting, From F25,000.

6 mp. minimum, 6.49 19 60 cm.

8th AVE HOCIE, 85 sq.m., newly redons, double living, ? bedroom, F10-500 chorges included. Tel: 42.5276.32.

AGENT IN PARIS 45.62.78.99 FAX 42.89.21.54

Embassy Service
8 Ava. de Massisse
75008 Paris

YOUR REAL ESTATE

nique opportu You décide!

EXCEPTIONAL INVESTMENT for se-carity in appreciation, 4,200 sam-building on sea-promenade. Fr45,000.00. USST.5 Million. Tel-Cornes, france, (33) 93.45.72,16

OFFICE SERVICES

ZURICH-ZURICH
BAHNHOFSTRASSE 52
YOUR OFFICE AWAY FROM HOME

13 bis IRUE DU DEBARCADERE (17th 5/6 rooms, 177 sp.m. duplex, newfredone, terrors, baltonies, porting modern ballding. 199, 26375 charge included. 42 96 14 38. International Business Message Center

BUSINESS FINANCIAL OPPORTUNITIES INVESTMENTS

5 TO 10 TIMES YOUR MONEY U.S. government imposes new polutio control rules - creates a growth industry - a unique apportunity. Free professional consultate
Worldwide incorporations
Immediate availability
Full confidential services #ESOURCE INTERNATIONAL AG Boorestr 8, CH-6300 7JJG Tek 41/42 213045 Fox: 41/42 221602 Teko: 865 497 ALLICH

Aston Company Formation Ltd., 19 Paul Rd. Douglas, late of Man Tel 0624 24591 Tel: 627691 ASTON Fax: 0624 25126 INTERNATIONAL OFFSHORE COMPANY INCORPORATIONS PROM LES 150 Incorporation professional services duce nominees.

Rapresentative offices; Fowers of officerney, Islan, Islandsone Fox, moil forwarding worldwide Jaland Resources National House, Scatten, Islan of Man. Phons. (ISA) 82555 Rs. 628352 Island G. Fox: (ISBA) 823949 BUYER FROM NEW YORK looking to buy inventories of general mer-chander, stock lots, etc. Will be in Paris week of Oct 13-72. Tel Paris-30502258 ask for Roquel Hergan.

> YOUR ADDRESS IN DOWNTOWN GENEVA Phone Olivio: (4122) 29 15 91 (4122) 20 32 07 Tales: 423 843 LEDA.

BUSINESS SERVICES

GENEVA KARSTENS BUSINESS SERVICES

Firmished Executives' Offices with Own phase sumber, teles & fox.

Multilegard secretorial service.

Danisalization of companies

KBS, CH-1207 GENEVA

30 or Fictet de Bochemoni/5 n' Chene
Tel. (20)861733 Fox 366179 Tix 426388 RENTALS LOOKING FOR A PUBLISHER? Learn how you can have your book published, prayering and distributed. Send for first bookled HP.1, Verstoop HP.5, 516 W. 34th St. New York, NY 10001.

LONDON ADDRESS BOND STREET.

Mail, From Fox Tales, Conference room, Cell 01-893-9192. Tx 262690. PARIS-OPERA
PRESTIGIOUS & EFFICIENT
BUSINESS CENTER
TEL33.1.42.60.01.60
FAX.33.1.40.15.09.02

INTERNATIONAL CLASSIFIED REAL ESTATE **EMPLOYMENT** TO RENT/SHARE DOMESTIC POSITIONS AVAILABLE PARIS AREA FURNISHED PARIS AREA UNFURNISHED 2nd, VIEW SEINE, heariously furnished living, clining, 2 bedrooms, 2 merble bedivrooms, American kitchen. For 3 months. Tele 43.26.81.05.

Th RILE DU BAC. Shunning double living, 1½ bedrooms, well equipped kitchen, beautifully furnished, sanny, quest. R8,000. Tel. 47 20 37 59.

PARIS BERWENUE. Furnished studies and apartners in central Paris, registly, wealthy, monthly, 47 53 80 81.

NEAR PANTHEON. 55 sam. faily CULET GOVERNESS or English teacher / romay for girl aged A years. Partents enament Turkish inclusivelists (both English specing) latentuk, Turky, Tulk domestic stoff maintains household. Excellent private accommodation provided, apportunities for travelling & saking with the family. Preference Mantessari, frobel, Norland trained. Personal details, references photo should occuming any application. For details write to Mrs. Groy 98 Landon ARGE HOUSE, VESINET, fernished or unformished, short let possible. Neor British school and int'l school, RER La Defense. Yel: 47 /73.30.00

GEORGES V, beautiful 2-bectroom [20] sq.m. flot F11,500 + charges. Justified key money. 47,20,01,02, cfferroom, SWITZERLAND TO LET NEAR GSTAAD, furnished

Rd. Bazeat, Wellingbarough ants. NNS 7 R 0933 663131.

AUTOMOBILES

1980 VOLVO 340 GL Only 22,000 lan, imperatile, metallic silver, 5-door, power windows-locks. FF50,000. US\$8,000. Tel: Paris 47 45 23 55.

AUTO RENTALS

KENT IN PARKS MEEKEND F495 - 8 DAYS P2267 Similad mileoga. DERGI 45 87 27 (4

AUTO SHIPPING

TRANSCAR 17 ov de Friedland, 79008 Paris. Tel 4225 6444, Nice 9321 3590. Antwerp 233 9985, Carmes 9339 4344

YPICAL LATIN QUARTER FLATS, lerroce/bolconies, 35-80 sq.m., F6000-F11,000. Tel: 45-49-19-60 cm. **EMPLOYMENT** EXECUTIVE POSITIONS AVAILABLE 16th BOIS, luxuriously furnished, best-room, double fixing, high class. 4 months minimum, F10,000; 46 47 86 83 months minimum, FIQ.000; 46 47 86 83 84 FFEE. TOWER high class studio, 31 studio, 32 stu HEALTH SERVICES

MANAGEMENT CONSULTANT

Arabic language Required

To serve as a managesteri consultant to
Minetry of Health in Caro, Egypt to
assist with suproving the National Fonity Planning Program.

Minimum requirements: Masters degree
and Arabic florincy.
Excellent solary and benefits. EOE.
Send resurse to:
E. Petrich and Associates, Inc.

123 Sentiah Drive
Chapel Hill, NC 27514 U.S.A.

PARIS AREA UNFURNISHED NONPROFIT VENTURE GROUP of/for innovators, public issues seeks top manager in (a) U.S., (b) India. Ashaba, 1200 No Nash, VA 22209 U.SA.

GENERAL POSITIONS AVAILABLE ZURICH - Hight CAUBER
indestricties in his sicries urgently needs
cultivoted GBL PRDAY in her sorty to
mid forfies to oversee his beautiful
home (no heavy boushedd work an
wolved) or a personal cessistant/hovel
companion, Applicants must be oler,
bright and highly responsible. Good
taste, sense of estimics and elegant
experiences to place C.V., placingonals +
hondwritten note to: fox 0298, Plerold
Tribuse, 92321 Neutily Cades, France.

SOCIETE DE PRESSE (PARIS) rech-seche journelles experimente, de lon-gue moternelle emplose, pour traduc-tions Francais-Anglois. Poste frust, pour 12 a 15 heures por semance. Urgest. Envoyer CV a Bidoi, 39 rue du Sertier, 75002 Paris. GENERAL POSITIONS WANTED

BRAZIMAN POSTING Angle Brazilen engineer with 20 years industrial consended experience in the S-Poulo Bo de Jameiro area stellas o job with a European company riterasted in Brazilen business. Tel: 07 689 4204 or reply is Box 3034 LHT, 63 Long Acre, London, WCZE 9H
HBGHLY CUALIFIED, Protojournalis, mole, mythinguel, Seeks essignment only situation, impactable references, Please easily to Box 3040, LHT, 63 Long Acre, London, WCZE 9H
BLINGHAL FRENCH LADY, 34, or trucine & retired university education, seeks public relations position, free to knowl. Fors 45 00 58 17.

SECRETARIAL.

POSITIONS AVAILABLE

Office/Moragenini Services
Company Formations
Haw to do Business m/or/
FROM SWITZERLAND US FORTUNE 500 CO needs for St Germanin on Layer office dynamic & experiences administrative consistent Must be fluent in English, Franch & possibly German. Preferential back-ground in inf I business, UC; & cus-tiomer service. Solary open. Box 0265, BTT, 9252! Neurly Cedex, France Business Services Consult Corp. Schalaustrasse 52, CH-8072 Zarich Tek 01/211 92 07. The 813 062 BSIC Faze; [1] 211 19 22 SECRETARIES AVAILABLE PR / SECRETARIAL ASSISTANT to businessmen, offractive, culturad, mu-filingual young lody, extallent bact-ground seeks position, Free to travel, Repty Box 0288, Harnold Triberm, 92521 Neutly Cadex, Franca.

EDUCATIONAL POSITIONS AVAILABLE IANGLIAGE SCHOOL seeks port-fitter
American or English teachers for children or business people. (F130/150)
per hour net). East saturities of Peris,
Working papers not essential. Need
and Sert immediately. Id 64 68 24 54
DOPERSENCED ENGLISH 6 FIENCH
teachers needed. Work papers asservical. Call Paris 42 04 10 33

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris.

AUTOS TAX FREE TRASCO GERMANY. Mercedes Benz orwored cars & stretched languages orwored cors & stretched languages from stock. Steindown 38, D-2820 Bramen, The 246624, Fran: 421630285. Tel: (0) 427 533044. LOW COST FLIGHTS **AUTO SERVICES ACCESS VOYAGES**

F4200 F3390 F1450

and more destinations — Discount on 1st & butiness data Rates subject to modifications

WORLDWIDE FLIGHTI USA conytime, \$160, west coost \$269. APP, 103 no La Bostie, Paris Bit (a few yords from Ch. Elysees), Tel. (1) 42.89.10.81.

AVIATION

LEGAL SERVICES U.S. DIVORCE IN 21 DAYS. No need to travel, with or without consent a spouse. Dreimer Legal Associates, pl 1E Westeringshwarstract 54/54A, NI 1017 17 Ansterdam, Holland, Te 3120-840236 or 823058. Fee: 823058 Tel: (1) 40.13.02.02 & 42.21.46.94 6 rise Finere Lissot, 75001 Paris Metro - RER Chemiet Les Holles (Lic. 1/5.11) Lond gover ACCESS IN LONDON

Extra Stoole: £15.00 incl. VAT "A BEST WESTERN HOTE." PAGE 5 FOR MORE

CLASSIFIEDS

The Daily Source for



Chopard GENÈVE

You will never have to take off YOUR "LUNA D'ORO SPORT". It has been conceived to accompany you to any occasion, fearing neither shocks nor a quick dive into the waves. A solid 18 ct. gold casing, sapphire crystal and a screw down crown thorougly protect the precious "secret" - the mechanic movement consisting of over 200 individual parts, handcrafted with infinite love of perfection according to the CHOPARD tradition since 1860. The "LUNA D'ORO SPORT" is available in solid 18 ct. gold (Ref. 36/1162) or stainless-steel / 18 ct. gold (Ref. 36/8139). Automatic, movement. waterproof up to 100 meters





available at leading jewellers worldwide Chopard & Cie S.A., 8, rue de Veyrot, 1217 Meyrin-Genève, tél. (22) 821717

1.5

بيور

11.11

1.5**

عايج شد

3.5

- 1 · 4 ·

NOS.

 $\mathbb{T} H^{n_1, 1_2}$ 25 Arati

The same of the same of

Apple Filmone

No. 200m

٠,

 $\mathcal{D}_{B_{1}\bullet}$

State 14

The reference to the same